



EMPLOYMENT RISK MANAGEMENT AUTHORITY (ERMA)

**BOARD OF DIRECTORS MEETING
AGENDA**

**Friday, February 9, 2018
10:00 a.m.**

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

In compliance with the Americans with Disabilities Act, if you need a disability-related modification or accommodation to participate in this meeting, please contact Kristina Johnson at (916) 290-4606 or (916) 244-1199 (fax). Requests must be made as early as possible, and at least one full business day before the start of the meeting.

Documents and materials relating to an open session agenda item that are provided to the ERMA Board of Directors less than 72 hours prior to a regular meeting will be available for public inspection at 1750 Creekside Oaks Dr., Suite 200, Sacramento, CA 95833.

<u>Page</u>	1. CALL TO ORDER
	2. INTRODUCTIONS
	3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)
	4. PUBLIC COMMENTS - This time is reserved for members of the public to address the Board relative to matters of ERMA 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 Board member would like to discuss any item listed, it may be pulled from the Consent Calendar.
6	*A. Minutes of November 6, 2017, Board of Directors Meeting and Summary of Action Items
16	*B. General Warrants from November 1, 2017, through December 31, 2017
17	*C. Claims Payments from November 1, 2017, through December 31, 2017
18	*D. Petty Cash Statement from November 1, 2017, through December 31, 2017
19	*E. CAJPA Re-Accreditation
50	*F. Treasurer's Report as of December 31, 2017

- 76 *G. Internal Financial Statements for the Quarter Ended December 31, 2017
Recommendation: Approval of the Consent Calendar.

6. ELECTION OF OFFICERS FOR THE 2017/18 and 2018/19 PROGRAM YEARS

- 82 A. Nomination and Election of Vice President – Term Expires June 30, 2019
 B. Nomination and Election of Treasurer – Term Expires June 30, 2019
Recommendation: Staff recommends the Board of Directors nominate and elect Mr. John Gillison, for the office of Vice President, and Ms. Truc Dever, for the office of Treasurer, effective February 9, 2018, through June 30, 2019.

7. GOALS AND OBJECTIVES

- 83 A. Review and Approval of ERMA Goals and Objectives Established at the 2018 Annual Workshop
Recommendation: Staff recommends the Board of Directors adopt the goals and objectives established at the February 8, 2018, Annual Workshop.

8. LITIGATION MANAGEMENT

- 84 A. Report from Kathy Maylin, Litigation Manager
Recommendation: None.

9. ADMINISTRATIVE MATTERS

- 85 *A. Bickmore Agreement for Administrative, Litigation Management and Financial Services
Recommendation: None.
- 108 *B. Alliant Insurance Brokerage and Consulting Agreement
Recommendation: Staff recommends the Board of Directors approve a three-year renewal agreement with Alliant, as presented.
- 125 *C. Sampson, Sampson & Patterson, LLP Financial Audit Contract
Recommendation: Staff recommends the Board of Directors approve the three-year renewal agreement with Sampson, Sampson, & Patterson, LLP, as presented.
- 131 *D. Draft Resolution 2017-5, Establishing Guidelines Regarding Member Self-Insured Retentions
Recommendation: Staff recommends the Board of Directors approve Resolution 2017-5, Establishing Guidelines Regarding Member Self-Insured Retentions, as presented.

* Reference materials enclosed with staff report.

- 138 *E. Draft Resolution 2017-4, Establishing a Policy for Reimbursement of Travel Expenses
 Recommendation: Staff recommends the Board of Directors approve Resolution 2017-4, Establishing a Policy for Reimbursement of Travel Expenses, as presented.
- 141 F. Consideration of Membership in the Association of Governmental Risk Pools (AGRiP)
 Recommendation: Staff recommends the Board of Directors approve ERMA’s membership and participation in AGRiP.
- 143 G. Review of ERMA Website
 Recommendation: Staff recommends the Board of Directors approve the launch of the updated ERMA website.

10. COVERAGE MATTERS

- 145 *A. Excess Coverage and Marketing Strategy for 2018/19 Program Year
 Recommendation: None
- 147 *B. Recommended Self-Insured Retention Increases
 Recommendation: Staff recommends the Board of Directors approve SIR increases for the following Members: City of West Hollywood to \$250,000; City of Amador to \$50,000; City of Belvedere to \$50,000; City of Nevada City to \$50,000; City of Pacifica to \$75,000; City of San Juan Bautista to \$50,000; City of Union City to \$100,000; City of Walnut Creek to \$75,000; and the City of Wildomar to \$50,000, effective July1, 2018. All recommendations for SIR increases due to “Failure to Comply with ERMA Programs” may be rescinded if the Member complies with the Board of Director’s request to complete the Policy Review Survey by March 31, 2018.
- 149 *C. City of Susanville Appeal of Denials of Coverage and Late Reporting Penalties
 Recommendation: Staff requests the Board of Directors provide direction as necessary.

11. FINANCIAL MATTERS

- 152 *A. Investment Performance Review Presented by Public Asset Management LLC
 Recommendation: None.
- 153 *B. Annual Review and Approval of Investment Policy
 Recommendation: Staff recommends the Board of Directors approve the Investment Policy, as amended.
- 167 *C. Review of Target Equity Ratios
 Recommendation: Staff recommends the Board of Directors approve the Target Equity Benchmarking Ratio Calculation as of June 30, 2017.

* Reference materials enclosed with staff report.

169 12. CLAIMS MATTERS

A. Pursuant to Government Code Section 54956.95(a), the Board of Directors will recess to closed session to discuss the following claims:

- Salehi v. West Hollywood
- Anderson v. Rialto
- Nekooee v. Rialto
- Teater v. Atwater

B. Report from Closed Session

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

13. CLOSING COMMENTS

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

- A. Board of Directors
- B. Staff

14. ADJOURNMENT

NOTICES:

- The next Board of Directors meeting will be held on Tuesday, May 1, 2018, 9:00 a.m. at the Bickmore office in Sacramento, CA.

* Reference materials enclosed with staff report.

CONSENT CALENDAR

SUBJECT: Consent Calendar

BACKGROUND AND STATUS:

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

RECOMMENDATION:

Approval of the Consent Calendar.

REFERENCE MATERIALS ATTACHED:

- A. Minutes of November 6, 2017, Board of Directors Meeting and Summary of Action Items
- B. General Warrants from November 1, 2017, through December 31, 2017
- C. Claims Payments from November 1, 2017, through December 31, 2017
- D. Petty Cash Statement from November 1, 2017, through December 31, 2017
- E. CAJPA Re-Accreditation
- F. Treasurer's Report as of December 31, 2017
- G. Internal Financial Statements for the Quarter Ended December 31, 2017

EMPLOYMENT RISK MANAGEMENT AUTHORITY (ERMA)

**MINUTES OF THE BOARD OF DIRECTORS
MEETING OF NOVEMBER 6, 2017**

A regular meeting of the Board of Directors of ERMA was held on November 6, 2017, at the Bickmore office in Sacramento, CA.

BOARD MEMBERS PRESENT: Scott Ellerbrock, President, PERMA
John Gillison, Treasurer, PARSAC
Stuart Schillinger, BCJPIA
Robert Thompson, CalTIP
Charlene Calica, Housing Authority of Contra Costa
(arrived at 10:10 a.m.)
Jamie Goldstein, MBSIA
(arrived at 10:02a.m.)
Linda Cox, MPA
Artesia Dupree, Oakland Housing Authority
John Duckett, SCORE
Truc Dever, VCJPA

BOARD MEMBERS ABSENT: Dave Elias, Vice President, CSJVRMA
Don White, ERMAC

ALTERNATE MEMBERS PRESENT: David Glasser, BCJPIA
Sean Scully, CSJVRMA
Joanne Rennie, PARSAC

ALTERNATE MEMBERS ABSENT: Joseph Villarreal, Housing Authority of Contra Costa
Brett Miller, MBSIA
Tracy Robinson, MPA
Kerry Trost, PERMA
Roger Carroll, SCORE
Jamie Scott, VCJPA

OTHERS PRESENT: Jennifer Jobe, Executive Director
Kathy Maylin, Litigation Manager
Nancy Broadhurst, Finance Manager
Kristina Johnson, Board Secretary
Greg O’Dea, General Counsel
Mike Simmons, Alliant Insurance Services
Chee Xiong, Bickmore
Lance Gerber, Bickmore
Will Portello, Bickmore
Rob Kramer, BCJPIA
Jaesa McCulligan, BCJPIA
Micheon Balmer, CalTIP
Jeanette Workman, CSJVRMA
Chrissy Mack, CSJVRMA
Cepideh Roufougar, Jackson Lewis

Geoffrey Sheldon, Liebert Cassidy Whitmore
Jiaqi Liu, Sampson, Sampson & Patterson
Marcus Beverly, SCORE/ERMAC

1. CALL TO ORDER

The November 6, 2017, Board of Directors meeting was called to order at 10:00 a.m. by President Scott Ellerbrock.

2. INTRODUCTIONS

A majority of the members were present, constituting a quorum.

3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

John Gillison moved to approve the agenda as posted. Seconded by Truc Dever. The motion passed unanimously.

4. PUBLIC COMMENTS

None

5. CONSENT CALENDAR

John Gillison moved to approve the following items: A) Minutes of June 12, 2017, Board of Directors Meeting and Summary of Action Items; B) General Warrants from June 1, 2017, through October 31, 2017; C) Claims Payments from June 1, 2017, through October 31, 2017; D) Petty Cash Statements from June 1, 2017, through October 31, 2017; E) Treasurer's Report as of June 30, 2017, and September 30, 2017; F) PFM fourth Quarter 2017 Review of Investment Portfolio; G) Conflict of Interest Code Biennial Notice to FPPC; and H) EPL Excess Policy and Invoice. Seconded by Truc Dever. The motion passed unanimously.

6. FINANCIAL MATTERS

A. Draft Audited Financial Statements for the Fiscal Year Ended June 30, 2017

Ms. Jiaqi Liu, Sampson, Sampson & Patterson, LLP, was in attendance to review the draft audited financial statements for the Fiscal Year ended June 30, 2017. Ms. Liu reviewed the audit parameters, and the program and financial highlights from the 2016/17 Program Year. Ms. Liu briefly discussed the changes in revenues, expenses, assets, and liabilities, noting total revenues increased 2.5% over the prior year; and total operating expenses decreased by 30%. Ms. Liu noted assets decreased less than 1%; and total liabilities increased 5.8% or \$650,000.

Ms. Liu also reviewed the Statement of Net Position, presented in comparison format for the current and prior year. The deposit premium was \$6.3 million, which was an increase of 13%

over the prior year. This was due to payroll increases of 14.7%, the pooling rate increase of 4.6%, and new members added during the 2016/17 Program Year.

Ms. Liu noted total investments were about the same as 2016 at \$24.8 million. The main difference from 2016 was U.S. Treasury Notes decreased from \$10 million to \$5.6 million; Federal Agency Securities increased from \$2.2 million to \$4.4 million; and Asset Backed Securities increased from \$1.2 million to \$2.9 million. She noted Commercial Paper is a new investment for 2017 at \$1 million. Current asset investments of approximately \$4.8 million will mature within the next twelve months; and non-current assets of \$20.6 million will mature from the thirteenth month up to five years.

Ms. Liu noted there were no deficiencies in ERMA's internal controls.

Truc Dever moved to accept and file the ERMA Audited Financial Statements for the Fiscal Year Ended June 30, 2017. Seconded by John Gillison. The motion passed unanimously.

B. Financial Status Report for the Fiscal Year Ended June 30, 2017

Ms. Nancy Broadhurst, Finance Manager, stated typically the Internal Financial Statements are placed on the Consent Calendar for Board approval. However, annually, at the November Board meeting, documents are presented for the purpose of demonstrating consistency with the Audited Financial Statements Report.

Ms. Broadhurst reviewed highlights on the Income Statement, which is more detailed than that of the audit. Ms. Broadhurst noted the Retained Earnings from the prior years is \$13.7 million and the Retained Earnings from the Capital Fund is a designated fund currently at \$862,656. Ms. Broadhurst noted there was \$150,000 revenue in the Capital Fund Contribution and noted \$15,000 was expended for the year. Once the Program Year closes, the \$15,000 will be applied to the designated equity fund and decrease it by that amount.

Ms. Broadhurst discussed the JPA Performance Report, a detailed historical report which has been presented since the inception of the ERMA program. She noted the report shows the Balance Sheet and Statement of Operations for each open Program Year, with a breakdown of assessments and dividends that have been levied for each Program Year. Ms. Broadhurst stated that the report is continuously updated and is an excellent resource, and offered to send the full report showing all Program Years to Board members upon request.

The Board discussed creating a policy to provide clear guidance to staff regarding budget controls and monitoring. Staff will draft a policy for presentation at the February 2018 Board meeting.

Linda Cox moved to approve the Internal Financial Statements for The Fiscal Year Ended June 30, 2017, and JPA Performance Report, as of June 30, 2017. Seconded by Marcus Beverly. The motion passed unanimously.

7. ADMINISTRATIVE MATTERS

A. Appointment of Kristina Johnson as Board Secretary

Ms. Jennifer Jobe, Executive Director, introduced Ms. Kristina Johnson, and stated Ms. Johnson has been with Bickmore for four years, working on various accounts. Ms. Jobe recommended the Board appoint Ms. Johnson as ERMA's Board Secretary, effective November 6, 2017.

Truc Dever moved to appoint Ms. Kristina Johnson as ERMA Board Secretary, effective November 6, 2017. Seconded by Artesia Dupree. The motion passed unanimously.

B. Review of 18th Annual Workshop Agenda

President, Scott Ellerbrock, advised the 18th Annual Workshop will be held February 8-9, 2018, at the Dream Inn in Santa Cruz, California. He solicited the Board for recommended additions or changes to the proposed Agenda.

Ms. Jobe advised staff will continue to work with President Ellerbrock to finalize the 18th Annual Workshop and Board of Directors Meeting Agenda.

C. Presentation Regarding the Updated ERMA Website

Ms. Jobe advised the Board provided authorization of funds to develop a new website at a previous meeting. Ms. Johnson provided an overview of the new website.

Discussion ensued regarding what information should be public and what information should be contained within the member portal; requiring a user login. Ms. Jobe stated that before the website is launched, the Board will need to determine which documents will reside on the public website and which documents will be contained within the member portal; requiring a user login.

D. Bickmore Agreement for Administrative, Litigation Management and Financial Services Discussion – Expiring June 30, 2018

President Ellerbrock stated Bickmore's five-year contract for Administrative, Litigation Management and Financial Services will expire on June 30, 2018. Ms. Jobe noted staff seeks direction from the Board. Mr. Gillison and President Ellerbrock stated they will work with staff to review a five-year renewal agreement to present at the February 2018 Board meeting.

Mr. Rob Kramer, Bickmore, reported that typically upon renewal, Bickmore will prepare a proposal that includes time expended. Bickmore will review the proposal with one or more members of the Board in advance of the next meeting. Mr. Kramer noted this is a standard process for a majority of the renewal contracts.

E. Alliant Insurance Brokerage and Consulting Agreement Discussion – Expiring June 30, 2018

Mr. Ellerbrock stated the current agreement with Alliant Insurance Services for Brokerage and Consulting will expire June 30, 2018. Ms. Jobe noted the existing contract contains the option to extend for an additional year. The Board directed Mr. Ellerbrock to work with staff to negotiate a three-year renewal contract with Alliant Insurance Services.

F. Sampson, Sampson & Patterson LLP, Financial Audit Contract Discussion – Expiring June 30, 2018

Ms. Jobe noted the contract with Sampson, Sampson & Patterson LLP expired with the conclusion of the presentation of the Audited Financial Statements.

The Board directed staff to work with President Ellerbrock to solicit a three-year renewal contract with Sampson, Sampson & Patterson for presentation at the February 2018 Board meeting.

G. Farley Consulting Services, LLC Agreement for Claims Audit Services

Ms. Jobe stated the Board provided direction at the June 2017 meeting to renew a multi-year contract with Farley Consulting Services. Ms. Jobe noted the proposed contract presented for approval by the Board is for the period of July 1, 2018, through June 30, 2023.

John Gillison moved to approve the contract with Farley Consulting Services, LLC, for claims audit services for the period of July 1, 2018, through June 30, 2023. Seconded by Marcus Beverly. The motion passed unanimously.

H. Resolution 2017-2, Regarding an Underwriting Policy and Related Processes

Ms. Jobe stated ERMA recently underwent the re-accreditation process with the California Association of Joint Powers Authorities (CAJPA). In order for ERMA to become re-accredited with excellence, CAJPA requires the implementation of a formal underwriting policy and related processes.

John Gillison moved to approve Resolution 2017-2, Regarding an Underwriting Policy and Related Processes. Seconded by Artesia Dupree. The motion passed unanimously.

I. Resolution 2017-3, Regarding Electronic Data Security and Retention Requirements

Ms. Jobe advised the Board of CAJPA's re-accreditation requirement that all vendor contracts provide for an electronic data security policy. Ms. Jobe noted all existing contracts have been amended to reflect ERMA's policy.

Linda Cox moved to approve Resolution 2017-3, Regarding Electronic Data Security and Retention Requirements. Seconded by Truc Dever. The motion passed unanimously.

J. Resolution 2017-4, Amending Resolution 1-99 Establishing a Policy for Reimbursement of Travel Expenses

Ms. Jobe stated the resolution for the reimbursement of travel funds was out of date and required a review and update.

The Board discussed including a list of non-allowable expenses to the policy and requested a revised draft be presented at the February 2018 Board meeting.

8. TRAINING/LOSS PREVENTION MATTERS

A. Training Update

Ms. Jobe provided a mid-year update with respect to ERMA trainings. Ms. Jobe noted there are a total of 47 live trainings budgeted for ERMA members. She stated to-date, 30 of the 47 trainings are scheduled and staff continues to work with the members to schedule the remaining trainings.

B. Policy Review Survey Update

Ms. Jobe advised 88% of ERMA's members complied with the Board's request for mandatory completion of the policy review survey.

Ms. Jobe advised *in2vate* has been an excellent partner in the development, implementation and completion of the survey process. It was noted Jackson Lewis and Liebert Cassidy Whitmore (LCW) are also partners in this endeavor, working with the members directly to comply with the 45-day time period in which ERMA committed to providing initial contact to conduct a review of the survey.

Ms. Jobe reported one of the most interesting items which came from the data to-date, is that 64% of respondents to the survey have not completed a review of their policies within the last three years, if at all.

Mr. Geoff Sheldon, LCW, reported they have approximately 140 members for whom they are conducting assessments and the end result will be a recommended action memo. He stated more than half of these memos have been completed. LCW has found many of the policies they have reviewed require revision, and noted they are providing recommendations regarding training of staff to accompany the recommended changes to the existing policies.

Ms. Cepideh Roufougar, Jackson Lewis, stated they have noted a range of members who have not reviewed their personnel policies in quite some time. Ms. Roufougar commented that members are asking about "next steps" in the policy review process and whether they will be provided financial support with updating policies.

Ms. Roufougar noted the policies that require the greatest updates are harassment policies in order to account for changes made to the Fair Employment and Housing Act in April 2016, Family and Medical Leave Act policies, pregnancy and disability leave policies, and the new

parental leave law, effective January 1, 2018. She also noted many agencies still have “use it or lose it” policies for unrepresented employees, which is in violation of California Labor Code.

Ms. Kathy Maylin, Litigation Manager, stated members expressed satisfaction with the survey tool as well as the opportunity to identify their agency’s deficiencies.

The Board requested staff make an additional effort to contact the 12% of members who have not completed the survey.

The Board requested the Ad Hoc Training Committee convene prior to the February 2018 Board meeting to discuss the potential implementation of punitive measures for those members who do not complete the survey, as well as “next steps” relative to policy updates.

C. 2017 Target Risk Appraisal Recommendations

Ms. Broadhurst reported that annually staff reviews member’s loss performance to aid in determining which members will be recommended for a risk assessment. She noted staff analyzes each Program Year individually to determine frequency, severity, and loss ratio for each member and in aggregate by using payroll, premium, number of claims, and ERMA total incurred data. ERMA’s ratios are then compared to each individual ERMA member. If a member’s ratio exceeds two times ERMA’s ratio in any of the three categories, they are listed for the Litigation Manager’s comments and reviewed for a possible risk assessment.

Ms. Broadhurst reviewed the target ratio calculation summary with the Board, noting an additional column was added to note members who have undergone previous assessments.

Ms. Broadhurst stated that once the target ratio calculation summary is completed, it is sent to Ms. Maylin to review and provide comments. Ms. Maylin determines which entities warrant an assessment and provides a report to the Board accordingly.

Ms. Maylin explained her rationale for recommending assessments and noted she will conduct six assessments prior to June 30, 2018.

Discussion ensued regarding multiple assessments incurred by a single member. Ms. Maylin advised that additional action is a decision to be made by the Board upon presentation of the final assessments at the June 2018 Board meeting.

9. COVERAGE MATTERS

A. Self-Insured Retention Analysis & Review Update

At the February 2017 Annual Workshop, the Board established as a goal & objective, a self-insured retention (SIR) analysis of all existing members. Ms. Jobe explained that when a new member joins ERMA they are presented with a range of SIRs they may request based upon their payroll. Current members may request to change their SIR in subsequent Program Years; however any SIR decrease must be approved by the Board.

Ms. Jobe reviewed the process staff considered to analyze member's SIRs. Using 2016 payroll, staff compared each individual member's SIR to the recommended SIR per the underwriting guidelines. Staff then recorded for each member, the parameters which were exceeded for each year in the target ratio analysis, noting the identified member's recommended risk assessments.

Five members were identified for SIR increases using the prescribed methodology. Ms. Jobe requested feedback from the Board regarding the methodology in order for staff to present a policy for discussion at the February 2018 Board meeting. The Board noted their desire to incorporate the term "quantifiable" into the policy, and noted that the full scope of the analysis be encapsulated in the policy.

At 12:07 p.m. the Board recessed for a break and reconvened at 12:33 p.m.

B. Amendment to Endorsement #1 of the Memorandum of Coverage for Program Years 2013/14 through 2017/18

Ms. Jobe reported the City of Pleasanton is a participating member of ERMA through the Bay Cities Joint Powers Insurance Authority (BCJPIA). A Joint Exercise of Powers Agreement established on August 1, 2000, between the Cities of Livermore and Pleasanton creating the Livermore Pleasanton Fire Department (LFPD), provides that the City of Pleasanton assumes responsibility for personnel-related claims and lawsuits as LFPD employees are City of Pleasanton employees. ERMA collected only 50% of contributions from the City of Pleasanton for Program Years 2013/14 through 2017/18 due to an error.

An agreement was reached between BCJPIA, ERMA and the Cities of Pleasanton and Livermore, to invoice the City of Pleasanton for the under-collected amounts for Program Years 2013/14 through 2017/18. The City of Pleasanton has received the invoice for the under-collected amount and has remitted payment accordingly. Following such, it was determined LFPD should be named as a covered party in ERMA's Memorandum of Coverage under the City of Pleasanton.

Truc Dever moved to approve the revision to Endorsement #1 of the Memorandum of Coverage for Program Years 2013/14 through 2017/18, adding the Livermore Pleasanton Fire Department under the City of Pleasanton as a covered party. Seconded by Jamie Goldstein. The motion passed unanimously.

C. City of Menlo Park's Appeal of Denial of Coverage and Late Reporting Penalty

Ms. Maylin reported the City of Menlo Park received an Equal Employment Opportunity Commission (EEOC) claim dated July 25, 2017. In accordance with ERMA's Memorandum of Coverage, the claim was denied as the claim was not submitted within the required 30-day reporting period.

The City of Menlo Park submitted a letter of appeal, detailing the reasons the City was late in reporting the claim. Ms. Maylin advised she has worked extensively with the City of Menlo

Park's Human Resource Manager and she has always complied with ERMA's guidelines and is extremely proactive and engaged.

Discussions ensued regarding how often the Board receives coverage appeals and whether the appeals are granted. Mr. Ellerbrock stated ERMA includes a penalty structure in the Memorandum of Coverage so members are aware of the potential penalties, should they not report a claim in a timely manner.

Jamie Goldstein moved to grant the City of Menlo Park's coverage appeal of Heng v. City of Menlo Park claim with a late reporting penalty of \$37,500. Seconded by John Gillison. The motion passed unanimously.

10. LITIGATION MANAGEMENT

A. Report from Kathy Maylin, Litigation Manager

Ms. Maylin provided an update regarding general litigation and member support issues. She stated there is a concerning trend of agencies failing to investigate claims of harassment, discrimination, retaliation, and misconduct. Ms. Maylin also noted that agencies have conducted investigations but no remedial action is taken and the work environment is not changed. Ms. Maylin concluded by noting that deficiencies in handling investigations can result in additional litigated claims.

Ms. Maylin recommend members be closely guided and encouraged to evaluate when and if an investigation is appropriate and to err on the side of investigating promptly.

11. CLAIMS MATTERS

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

Pursuant to Government Code Section 54956.95(a), the Board recessed to closed session at 1:05 p.m. to discuss the following claims for the payment of employment practices liability incurred by the joint powers authority:

- Perez v. Shafter
- Anderson v. Rialto
- Salehi v. West Hollywood
- Hobb v. Banning
- Conner v. San Gabriel Valley MVCD

B. Report from Closed Session

The Board reconvened to Open Session at 1:47 p.m. Mr. O'Dea reported the Board met to discuss the claims listed. With respect to both Perez v. Shafter, and Anderson v. Rialto, no action was taken. With respect to Salehi v. West Hollywood, and Hobb v. Banning, the Board voted unanimously to extend settlement authority to the Litigation Manager. With

respect to Conner v. San Gabriel Valley MVCD the majority of the Board voted to extend settlement authority to the Litigation Manager with one member who abstained from the vote.

12. CLOSING COMMENTS

A. Board

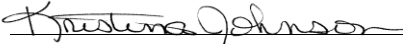
None

B. Staff

None

13. ADJOURNMENT

The November 6, 2017, ERMA Board of Directors meeting adjourned at 1:49 p.m. by general consent.



Kristina Johnson, Board Secretary

Ranges: From: To: From: To:
 Check Number First Last Check Date 11/1/2017 12/31/2017
 Vendor ID First Last Checkbook ID CBT GENERAL CBT GENERAL
 Vendor Name First Last

Sorted By: Check Number

* Voided Checks

Check Number	Vendor ID	Vendor Check Name	Check Date	Checkbook ID	Audit Trail Code	Amount
EFT000016	BI100	Bickmore	11/15/2017	CBT GENERAL	PMCHK00000539	\$1,894.12
EFT000017	LO120	Longyear, O'Dea, & Lavra, LLP	11/15/2017	CBT GENERAL	PMCHK00000539	\$7,451.63
EFT000019	AG100	in2vate, LLC	12/12/2017	CBT GENERAL	PMCHK00000544	\$6,000.00
EFT000020	BI100	Bickmore	12/12/2017	CBT GENERAL	PMCHK00000544	\$169,737.25
EFT000021	JA100 EFT	Jackson Lewis P.C.	12/12/2017	CBT GENERAL	PMCHK00000544	\$33,379.50
EFT000022	LO120	Longyear, O'Dea, & Lavra, LLP	12/12/2017	CBT GENERAL	PMCHK00000544	\$6,105.30
G 003114	EL100	Scott Ellerbrock	11/15/2017	CBT GENERAL	PMCHK00000540	\$572.55
G 003115	GO112	Jamie Goldstein	11/15/2017	CBT GENERAL	PMCHK00000540	\$159.43
G 003116	SA100	Sampson, Sampson and Patterson	11/15/2017	CBT GENERAL	PMCHK00000540	\$3,000.00
G 003117	ED100	Edible Events	12/12/2017	CBT GENERAL	PMCHK00000545	\$557.76
G 003118	LI100	Liebert Cassidy Whitmore	12/12/2017	CBT GENERAL	PMCHK00000545	\$378.00
G 003119	SA100	Sampson, Sampson and Patterson	12/12/2017	CBT GENERAL	PMCHK00000545	\$2,450.00

Total Checks: 12 Total Amount of Checks: \$231,685.54
 =====

Ranges: From: To: From: To:
 Check Number First Last Check Date 11/1/2017 12/31/2017
 Vendor ID First Last Checkbook ID CBT CLAIMS CBT CLAIMS
 Vendor Name First Last

Sorted By: Check Number

* Voided Checks

Check Number	Vendor ID	Vendor Check Name	Check Date	Checkbook ID	Audit Trail Code	Amount
* L 006818	PE115	Perlman Law Inc. Client Trust	11/21/2017	CBT CLAIMS	PMCHK00000541	\$150,000.00
L 006819	BA115	City of Barstow	11/28/2017	CBT CLAIMS	PMCHK00000542	\$2,599.22
L 006820	BE100	Best Best and Krieger LLP	11/28/2017	CBT CLAIMS	PMCHK00000542	\$1,091.70
L 006821	BE100	Best Best and Krieger LLP	11/28/2017	CBT CLAIMS	PMCHK00000542	\$1,459.90
L 006822	BE100	Best Best and Krieger LLP	11/28/2017	CBT CLAIMS	PMCHK00000542	\$4,829.13
L 006823	BE100	Best Best and Krieger LLP	11/28/2017	CBT CLAIMS	PMCHK00000542	\$2,424.53
L 006824	CA170	Carpenter Rothans & Dumont LLP	11/28/2017	CBT CLAIMS	PMCHK00000542	\$39,417.07
L 006825	CA170	Carpenter Rothans & Dumont LLP	11/28/2017	CBT CLAIMS	PMCHK00000542	\$10,541.19
L 006826	CA170	Carpenter Rothans & Dumont LLP	11/28/2017	CBT CLAIMS	PMCHK00000542	\$57,968.45
L 006827	CE100	City of Ceres	11/28/2017	CBT CLAIMS	PMCHK00000542	\$12,474.63
L 006828	JA100	Jackson Lewis P.C.	11/28/2017	CBT CLAIMS	PMCHK00000542	\$15,983.40
L 006829	JA100	Jackson Lewis P.C.	11/28/2017	CBT CLAIMS	PMCHK00000542	\$279.00
L 006830	JA100	Jackson Lewis P.C.	11/28/2017	CBT CLAIMS	PMCHK00000542	\$10,044.47
L 006831	JA100	Jackson Lewis P.C.	11/28/2017	CBT CLAIMS	PMCHK00000542	\$13,043.22
L 006832	JA100	Jackson Lewis P.C.	11/28/2017	CBT CLAIMS	PMCHK00000542	\$4,620.00
L 006833	JA100	Jackson Lewis P.C.	11/28/2017	CBT CLAIMS	PMCHK00000542	\$9,401.02
L 006834	LI100	Liebert Cassidy Whitmore	11/28/2017	CBT CLAIMS	PMCHK00000542	\$1,000.00
L 006835	LI100	Liebert Cassidy Whitmore	11/28/2017	CBT CLAIMS	PMCHK00000542	\$360.00
L 006836	LI100	Liebert Cassidy Whitmore	11/28/2017	CBT CLAIMS	PMCHK00000542	\$1,552.50
L 006837	LI100	Liebert Cassidy Whitmore	11/28/2017	CBT CLAIMS	PMCHK00000542	\$3,606.60
L 006838	LI100	Liebert Cassidy Whitmore	11/28/2017	CBT CLAIMS	PMCHK00000542	\$22.50
L 006839	LI100	Liebert Cassidy Whitmore	11/28/2017	CBT CLAIMS	PMCHK00000542	\$3,585.78
L 006840	LI100	Liebert Cassidy Whitmore	11/28/2017	CBT CLAIMS	PMCHK00000542	\$99.34
L 006841	LI100	Liebert Cassidy Whitmore	11/28/2017	CBT CLAIMS	PMCHK00000542	\$112.50
L 006842	LI100	Liebert Cassidy Whitmore	11/28/2017	CBT CLAIMS	PMCHK00000542	\$2,928.00
L 006843	LI100	Liebert Cassidy Whitmore	11/28/2017	CBT CLAIMS	PMCHK00000542	\$16,289.81
L 006844	LO100	Lozano Smith, LLP	11/28/2017	CBT CLAIMS	PMCHK00000542	\$1,383.00
L 006845	LO100	Lozano Smith, LLP	11/28/2017	CBT CLAIMS	PMCHK00000542	\$1,970.25
L 006846	LO100	Lozano Smith, LLP	11/28/2017	CBT CLAIMS	PMCHK00000542	\$3,286.53
L 006847	LO100	Lozano Smith, LLP	11/28/2017	CBT CLAIMS	PMCHK00000542	\$2,356.89
L 006848	SA165	Sandra Cortes	11/28/2017	CBT CLAIMS	PMCHK00000542	\$91,000.00
L 006849	TA120	Tania Rose dba Rosecounsel	11/28/2017	CBT CLAIMS	PMCHK00000542	\$9,000.00
L 006850	PE115	Perlman Law Inc. Client Trust	11/30/2017	CBT CLAIMS	PMCHK00000543	\$150,000.00

Total Checks: 33 Total Amount of Checks: \$474,730.63
 =====

Ranges: From: To: From: To:
 Check Number First Last Check Date 11/1/2017 12/31/2017
 Vendor ID First Last Checkbook ID CBT PETTY CBT PETTY
 Vendor Name First Last

Sorted By: Check Number

* Voided Checks

Check Number	Vendor ID	Vendor Check Name	Check Date	Checkbook ID	Audit Trail Code	Amount
1264	PI110	City of Piedmont	11/3/2017	CBT PETTY	PMTRX00000689	\$74.13
1265	EM105	City of Emeryville	12/18/2017	CBT PETTY	PMTRX00000690	\$410.00
Total Checks: 2						Total Amount of Checks: \$484.13



**California Association
of
Joint Powers Authorities**

*Accreditation Report
of
Employment Risk Management Authority*

**CONFIDENTIAL
(See Sections B & C)**

**Prepared by
FINAL
Carol J. Wells
August 1, 2017**

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I. BACKGROUND

A. Description of JPA

The Employment Risk Management Authority (ERMA) began providing coverage and loss prevention services to California public entities on July 1, 1999. ERMA is the first and only statewide risk sharing pool created exclusively to provide broad coverage for employment practices liability with tailored loss prevention services. ERMA's membership is comprised of municipalities and special districts. ERMA now covers over approximately 206 public entities throughout the State of California and consists of 10 primary joint powers authorities (JPAs) and 2 individual public entities.

ERMA provides a comprehensive employment practices liability coverage program for its members. Highlights of the program include:

1. Coverage to \$1M per occurrence – optional up to \$2M available (\$1M x \$1M);
2. \$2M per member aggregate;
3. \$10M policy aggregate;
4. Coverage for both indemnity and defense;
5. Contributions based on payroll;
6. Various retention levels range between \$25,000 and \$500,000;
7. Litigation management and oversight of all claims;
8. Equity based program; and
9. Statewide membership

Total Covered Payroll for 2016/2017 policy term is \$1,199,082,000.

ERMA first Accredited in 2005 and first received Accredited with Excellence since August of 2011.

Mission Statement

The Employment Risk Management Authority (ERMA) is the premier authority for employment liability coverage protecting California public entities. ERMA reduces employment practices risk through its comprehensive, innovative training and resources.

ERMA JPA SERVICE PROVIDERS

Service	Organization
Actuary – Employment Practices	Bickmore
Financial Auditor	Sampson & Partners LLP
Investment Advisor	PFM Asset Management, LLC
Investment Custodian	US Bank
Program Administrator	Bickmore
Financial Accounting	Bickmore
Insurance Broker	Alliant
Claims Auditor – Employment Practices	Farley Consulting Services, LLC (FCS)
Claims Administrator	Bickmore

B. Consultant Activities

Data was received from Bickmore on April 26, 2017 with follow up information received on June 30, 2017 and additional supplemental documents on July 13-17, 2017. The Consultant presented the study to the Accreditation Committee at its meeting on August 1, 2017.

C. Limitations

California Association of Joint Powers Authorities (CAJPA) Accreditation Program reviews the organizational structure and activities of a joint powers Authority (JPA), comparing the JPA with standards adopted by the Association believed to be advantageous to the preservation and performance of the individual JPA and JPA's in California as a whole.

This review was conducted for the purpose of forming an opinion on the general operations of the JPA in accordance with the accreditation best practices standards.

CAJPA does not guarantee that accreditation by CAJPA ensures the legality of the JPA, its governing document, its contracts or practices. In addition, by accrediting the JPA CAJPA does not guarantee the JPA's solvency or liquidity at the time of the accreditation or any time before or after such accreditation. Neither does accreditation guarantee that an accredited JPA is administered in such ways that the JPA and its programs are, or will continue to be, financially sound.

D. Distribution and Use

This report has been prepared solely for the internal use of CAJPA as a guide in determining the applicant's compliance with the CAJPA Accreditation Standards in force at the time of the accreditation review. No further use or distribution is authorized without the prior written consent of CAJPA and Carol Wells.

Judgments as to the conclusions, recommendations, methods, and data contained in the report should be made only after studying the report in its entirety and understanding the limitations inherent in the analysis, as outlined in the "limitations" section. Of particular note is the limitation that we cannot assure or guarantee the financial soundness of the applicant JPA.

The supporting data, analysis, description, exhibits, and appendices to this report are provided to support the conclusions stated herein and are not necessarily suitable for any other purpose. Furthermore, CAJPA and its accreditation consultants are available to explain any matter presented herein, and it is assumed that the user of this report will seek such explanation as to any matter in question.

II. FINDINGS AND RECOMMENDATIONS

We find that *Employment Risk Management Authority* (ERMA) is in substantial compliance with current Accreditation Standards with the exception of the findings presented in this report. It is recommended that *Employment Risk Management Authority* (ERMA) be granted Conditional Accreditation pending satisfaction of the requirements contained herein. It is further recommended that this accreditation be continuous, effective August 29, 2017, for a period of three years.

A. FULL ACCREDITATION REQUIREMENTS

II. GOVERNMENT RULES

Requirement #1: *Section A.* ERMA should file a notice of its joint exercise of powers agreement and any amendments or membership changes with the Secretary of State identifying (GC 6503.5): (Mandatory)

With the membership change, the addition of CalTIP to ERMA, a notice should have been filed within 30 days of this membership change.

Requirement #2: *Section C.* ERMA is to adopt a Conflict of Interest Code, formally reconsidering it prior to October 1st of all even-numbered years, and oversee any required filings of the Statements of Economic Interest with the Fair Political Practices Commission or the designated filing agent. (G.C. 87306.5).

Requirement #3: *Section E.2.* Per the insurance requirements, Section, #XVI.B., page 17, of the Bickmore Agreement for Administrative, Litigation Management and Financial Services, with regards to general liability and auto liability insurance, Bickmore is to provide an endorsement that names ERMA, its officers, officials, employees and volunteers as an Additional Named Insured, provide primary language, as well as separation of insureds language, along with a 30-day notice of cancellation of Bickmore's insurance. ERMA should request this endorsement.

IX. UNDERWRITING

The underwriting standard, sets forth requirements for the establishment of an underwriting policy with certain items to be identified in the policy and approved by the board with a periodic process of review.

Requirement #4: ERMA's underwriting policy, to be adopted and approved by the Board, addressing both new and existing members and should contain:

- 1) A written underwriting policy which pertains to rating individual members and overall program management, Underwriting Objective 1a-d;
- 2) A contribution allocation formula, Underwriting Objective 2a and b;
- 3) An approval process for new members by the board or whomever ERMA delegates this approval;
- 4) A fresh look at formulas (written policy should be formally reviewed periodically or at least once every three years), Underwriting Objective 4a and b.

X. OPERATIONS AND ADMINISTRATIVE MANAGEMENT

Requirement #5: ERMA should develop and implement processes and procedures relating to protection of electronic data, including: D.1. A suitable security and back-up system for all stored data.

B. ACCREDITATION WITH EXCELLENCE REQUIREMENTS

IX. UNDERWRITING

Requirement #6: Underwriting Objective 5: ERMA should have a clear process for developing and monitoring their underwriting policies and processes. The ERMA written underwriting policy should include considering target net assets (which may include a dividend and assessment formula).

X. OPERATIONS AND ADMINISTRATIVE MANAGEMENT

Requirement #7: ERMA should develop and implement processes and procedures relating to protection of electronic data, including:

- D.2. A written policy with respect to:
 - a. Disaster Recovery
 - b. Physical and electronic data security
 - c. Electronic data retention

C. SUGGESTIONS

In addition to the Requirements listed above, we have the following Suggestions to offer.

I. GOVERNING DOCUMENTS AND ADMINISTRATIVE CONTRACTS

Suggestion #1: B. Pursuant to Section 6509 of the Government Code, the agreement shall specify the member which restricts the manner of exercising the power of the JPA. *We recommend this requirement be considered during the next review and update of your JPA agreement.*

We look forward to receiving the information documented in the requirements listed above and following through to grant *Accreditation with Excellence* to Employment Risk Management Authority JPA.

Respectfully submitted,

CAROL J. WELLS
CAJPA Accreditation Auditor



California Association of Joint Powers Authorities (CAJPA)

ACCREDITATION WORKSHEETS

As of July 1, 2015

Key:

√ = Satisfactory (Meets or Exceeds Standards)

U = Unsatisfactory (Does Not Meet Standards)

? = Unable to Determine

N/A = Not Applicable



I. GOVERNING DOCUMENTS AND ADMINISTRATIVE CONTRACTS

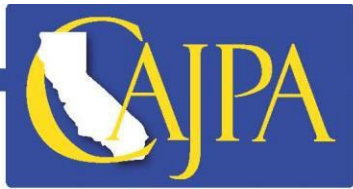
Objective

To determine that the governing documents and contracts with major service providers contain all essential provisions.

CRITERIA	STATUS	DISCUSSION
<p>A. The JPA maintains in its records a signed original of the Joint Exercise of Powers Agreement or other acceptable documentation from each member agency. (Mandatory)</p> <p><i>Other = signed copy of resolution from member's board, photo copy of signed JPA agreement. If not an original, suggest JPA check with counsel about the use of resolutions.</i></p>	√	
<p>B. The agreement shall contain all of the provisions required in the enabling legislation in Section 6500 et. seq. of the Government Code.</p>		JPA Agreement as of June 2016 and Bylaws amended as of April 18, 2016 reviewed.
<p>1. §6503 requires that the purpose or power to be exercised and the method by which the purpose will be accomplished or the manner in which the power is to be exercised is to be stated in the agreement. (Mandatory)</p> <p>2. Pursuant to Section 6509 of the Government Code, the agreement shall specify the member which restricts the manner of exercising the power of the JPA (Suggestion).</p> <p><i>The member has to be named by name.</i></p>	√ S	JPA Agreement, Article II and Article VI;
<p>3. In accordance with provisions of §6505.5 or §6505.6 the agreement must designate a treasurer and an auditor. (Mandatory)</p> <p><i>If §6505.5</i></p> <p><i>a. Treasurer <u>and</u> auditor from same member</i></p> <p><i>b. Treasurer <u>and</u> auditor from same county (if under 6505.5 the auditor shall be from the same entity as the treasurer but does not have to be specifically named and can be the same person.)</i></p> <p><i>c. A Certified Public Accountant, who can serve both functions</i></p> <p><i>If §6505.6: Can be an officer or employee of the JPA for either or both positions. (Does not have to name any one particular person in the agreement. If the agreement refers to duties under 65.05.6, this includes auditor/and treasurer, we count this as met.)</i></p>	√	JPA Agreement, Article XVI and Bylaws, Section C.3
<p>4. §6511 requires that the agreement provide for the disposition, division or distribution of any property acquired as the result of the joint exercise of powers. (Mandatory)</p>	√	JPA Agreement, Article XXIV



CRITERIA	STATUS	DISCUSSION
5. §6512 or Sec. 6512.2 “requires that the agreement provide that any surplus money on hand after the completion of its purpose shall be returned in proportion to the contributions made.” Or may, in the alternative, in proportion to contributions made and claims or losses paid. (Mandatory)	√	JPA Agreement, Article XVIII and Article XXIV
C. The following are described in appropriate governing documents (agreement, bylaws, resolutions, master plan documents, memorandums of coverage, memorandums of understanding, adopted board policies or other similar documents):		DOCUMENTS IN WHICH ITEM CAN BE LOCATED
1. Eligibility criteria; (Mandatory)	√	Article XVI of Bylaws, Article V (Participation) of MPD (PEPLP)
2. Procedure for electing officers; (Mandatory)	√	Article VI of Bylaws
3. Terms of office; (Mandatory)	√	Article VI of Bylaws
4. Record retention policy; (Excellence only)	√	Bylaws, Article XXIII & Resolution No. 2010-4
5. Power and duties of Board; (Mandatory)	√	Article VI, C of Bylaws
6. Indemnification for liability; (Excellence only) <i>The governing documents address that anyone acting in their official capacity (board/committee) is indemnified by the JPA or (not) to eliminate gray area. Employees are already covered under Gov. Code.</i>	√	JPA Article, XXIX: HH & Indemnification
7. Provisions for dissolution of pool; (Mandatory) <i>There is a process specified for the members to elect to dissolve the pool.</i>	√	Article XXIV, JPA Agreement
8. Provisions for financial audits; (Mandatory)	√	Article XV, Bylaws
9. Provisions for actuarial studies; (Excellence only)	√	Master Program Doc PEPLP 2/10/17; Article IV, D.3.
10. Provisions for claims audits; (Excellence only)	√	Master Program Doc PEPLP 2/10/17, Article VI. B.
11. Provisions for assessments & distributions; (Mandatory)	√	Article XVIII/JPA Agreement and MPD PEPLP, Articles #I.C.4 and #V, B.2 (b) and D (as of 2/10/17)
12. Provisions for member withdrawal from a program or JPA as a whole. These provisions shall include: <ul style="list-style-type: none"> • Notice requirements • Financial obligations and entitlements, i.e. responsibilities for future assessments or rights for future dividends. (Mandatory) 	√	Article XXI of JPA agreement and Article XXIII addresses Expulsion and Membership Withdrawal. Bylaws, Article XIV; MPD (PEPLP)-Article V, D.



CRITERIA	STATUS	DISCUSSION
13. Provisions for termination of JPA members (such as the right to cancel for non-payment of premiums, underwriting problems, or the failure to adequately control risks); (Mandatory)	√	Expulsion: Article XXII of JPA agreement
14. Provision for annual meeting of the board; (Mandatory) <i>(The board will meet at least annually, not an annual meeting according to Roberts Rules of Order.)</i>	√	Article XI of JPA agreement
15. Provision for the resolution of coverage and claims disputes with its members; (Excellence only)	√	Article VI.E. MPD PEPLP; MOC Section VII. #1 & #7
16. Provision for obligations of members. (Mandatory) <i>The governing documents identify obligations of members, e.g.</i> <ul style="list-style-type: none"> • <i>Payment of premiums</i> • <i>Representative for board</i> • <i>Provide requested data</i> 	√	JPA agreement, Article, VII, XXI
D. Governing Documents and Prior Accreditation Report:		
1. The JPA is in substantial compliance with its governing documents. (Mandatory)	√	
2. The JPA Governing Board has reviewed the prior Accreditation Report for findings and recommendations. (Excellence)	√	
E. The JPA has written contracts with firms or individuals that provide program administration services, insurance brokerage services, claims administration services, or have access to JPA funds. Such contracts shall include: (Mandatory) <ol style="list-style-type: none"> 1. Scope of services of the contractor; 2. Indemnification and insurance requirements; <i>(A fidelity bond is required for any contractor that has access to JPA funds. If coverage doesn't cover forgery and alteration then it would not be sufficient coverage; or is employee dishonesty enough. Optional for consultant to add as a recommendation if they believe this is a concern.)</i> 3. Compensation; 4. Term of Agreement; 5. Contract cancellation provisions; 6. Ownership of records; 7. Duty to disclose conflicts of interest including but not limited to other sources of income; and <i>(Suggest consultant inquire if there is a process to provide for this disclosure but this is not a standard requirement and may just be a suggestion.)</i> 8. Language addressing how and by whom fines and penalties are to be paid. (applies to workers' compensation third party claims administrators only). <p><i>(For investment advisor contract see V-H)</i></p>	U	Refer to Exhibit 4 Below



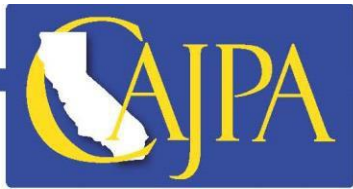
<p>F. The JPA has certificates of insurance on file evidencing coverage required in contracts under E., above. (Mandatory) <i>(Consider writing a suggestion for the pool to have a process to collect and review these if they do not have them on file and must collect them during the study.)</i></p>	√	
<p>G. If the JPA offers employee benefit programs to member agencies, a written plan description must be provided to covered employees. (Mandatory)</p>	N/A	
<p>H. The JPA keeps minutes of all meetings of its governing body and major committees. (Mandatory)</p>	√	



Exhibit 4

Contracts with Major Service Providers

Name of Contractor	Scope of Services	Indemnification & Insurance <i>Fidelity bond if they write checks</i>	Compensation	Term	Cancellation	Ownership of Records	Disclosure of conflicts of interest and other sources of income	Fines & Penalties W/C only
Bickmore (expires 6/30/2018)	JPA Administration	√	√	√	√	√	√	N/A
Alliant (expires 6/30/2018)	Insurance Brokerage Services	√	√	√	√	√	√	N/A
Bickmore (expires 6/30/2018)	Liability Claims Administrator	√	√	√	√	√	√	N/A



II. GOVERNMENT RULES

Objective

To determine that the JPA complies with the various reporting requirements and other mandates imposed by the State of California and its regulatory agencies.

CRITERIA	STATUS	DISCUSSION
<p>A. The JPA has filed a notice of its joint exercise of powers agreement and any amendments or membership changes with the Secretary of State identifying (GC 6503.5): (Mandatory)</p> <ol style="list-style-type: none"> 1. The name of each member; 2. The effective date; 3. The purpose or power to be exercised; and 4. A description of the amendment, if any. <p><i>If the name of the JPA changes, counsel may be asked whether a new JPA agreement must be signed. Required if you add a new member or delete a member Notice must be filed within 30 days of amendment or member changes</i></p>	U	
<p>B. The JPA has made the necessary Public Agency Roster filing with the Secretary of State and county clerks in the counties in which the JPA has offices. (G.C. 53051) (Mandatory) <i>Filing required when board members or location changes.</i></p>	√	Filed on 5/25/2017.
<p>C. The JPA has adopted a Conflict of Interest Code, formally reconsiders it prior to October 1st of all even-numbered years, and oversees any required filings of the Statements of Economic Interest with the Fair Political Practices Commission or the designated filing agent. (G.C. 87306.5) (Mandatory) <i>If the filing office is not perceived to be a governmental facility and accessible to the public, the JPA is required to send originals to the FPPC and retain copies. Review with the FPPC.</i></p>	U	
<p>D. If the JPA is subject to Education Code 17566(e) it procures triennial actuarial studies on its employee benefit programs. (Mandatory) <i>(Provision for community college districts Education Code Section 81602 actuarial study under ERISA)</i></p>	N/A	
<p>E. The JPA's governing body approves its annual budget. (G.C. 6508) (Mandatory)</p>	√	Bylaws, Article XII and BOD minutes dated
<p>F. The JPA has filed the "Special Districts Financial Transactions Report" with the State Controller/Division of Local Government Fiscal Affairs Special District Unit. (GC 53891) (Mandatory)</p>	√	Filed 11/22/2016 for year ending 6/30/2016 report.
<p>G. The JPA has filed its Audited Financial Statement with</p> <ul style="list-style-type: none"> • the State Controller and, • with the county auditor of the county where the home office of the JPA is located within 12 months of the end of each fiscal year. (G.C. 6505 (c)) (Mandatory) 	√	Filed on July 17, 2017.



<p>H. JPA and/or members have valid certificate(s) of consent to self-insure Workers' Compensation (Labor Code 3700) and files any changes in claims administrators (8Cal Code Regs Sec.15402) and the necessary annual reports with the Dept. of Industrial Relations on or before October 1st of each year. (Labor Code 3702.2) (Mandatory) (<i>This does not apply to excess pools.</i>)</p>	<p>N/A</p>	<p>This is an Employment Practices Liability JPA only.</p>
<p>I. Meetings and Meeting Notices</p>		
<p>1. The JPA properly posts meeting notices and</p>	<p>✓</p>	
<p>2. Conducts its meetings in accordance with the Brown Act. (G.C. 54954.2, G.C. 54953.2 and 42 U.S.C. 12132) (Mandatory) <i>Board and standing committees. Check for ADA posting requirements. Note, the Attorney General has determined that valid posting means available to view 24/7 (consider posting on outside window).</i></p>	<p>✓</p>	
<p>J. JPA's that self-insure medical benefits annually file a copy of their audit with a declaration to the Department of Managed Health Care as required for exemption from Knox-Keene requirements. (Code of Civil Procedures 2015.5) (Excellence Only)</p>	<p>N/A</p>	



III. INSURANCE AND COVERAGES

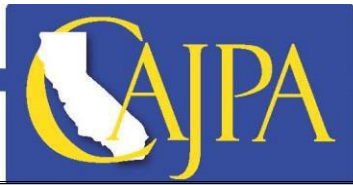
Objective

To determine that the JPA properly identifies and handles its own exposures to loss, secures any insurance required by its governing documents and/or any other legal requirement, monitors the adequacy of coverages it provides to its members and maintains permanent policy files.

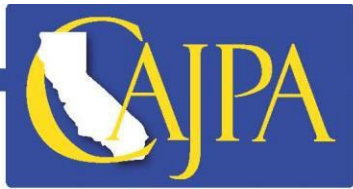
CRITERIA	STATUS	DISCUSSION
A. Insurance and Coverages		
1. The JPA maintains an official bond as required by state law (G.C. 6505.1 and 6505.5). The JPA requires fidelity coverage for a person or persons that are entrusted with any property of the JPA. (Mandatory) <i>Pool needs coverage for treasurer, most employee dishonesty policies exclude the Treasurer, have insurance company issue an endorsement deleting this exclusion.</i>	✓	Travelers, policy #105627234; policy term of July 1, 2015-July 1, 2018. Treasurer included per form CRI-10160 (Ed. 03-12)
2. The JPA insures or self-insures for the following exposures as appropriate: (Mandatory)		
a. Public Officials Errors & Omissions;	✓	Through the SLIP Program
b. Employee Fidelity; (insurance only, self-insurance not allowed) (G.C. 6505.1)	✓	
c. Commercial General Liability;	N/A	Covered up to self-insured limit only.
d. Workers Compensation;	N/A	
e. Fiduciary Liability; <i>Required for self-funded health and welfare plans (May review public officials Errors and Omissions coverage, look at exclusions (if it only excludes ERISA then that doesn't exclude government entities) A standard commercial general liability policy doesn't extend to fiduciary coverage.)</i>	N/A	
f. Auto Liability; and,	N/A	
g. Property.	N/A	



CRITERIA	STATUS	DISCUSSION
<p>3. For the risk retained by the pool the JPA provides a coverage document that that includes or references:</p> <ul style="list-style-type: none"> • Declaration page • Definitions • Insuring agreement • Conditions • Exclusions <p><i>Note, this can be met by reference to other agreements or laws; i.e., labor code. (Mandatory)</i></p> <p><i>The notes below provide additional considerations but in themselves are not specific requirements:</i></p> <p><i>The JPA should in addition consider scope of coverage, obligation if any to defend and indemnify, report claims, expectation of member to report, settlement. When you are not covering? Details to consider:</i></p> <p><i>Declaration Page (unique to each member and/or year of coverage)</i></p> <ul style="list-style-type: none"> • Identify covered parties, persons, entities • Retention/deductible and limits • Dates of coverage • Premium/contributions <p><i>Definitions (key terms)</i></p> <ul style="list-style-type: none"> • Coverage trigger (i.e. "occurrence", "wrongful act", etc) • Coverage parts (E&O, Personal Injury, etc) <p><i>Insuring Agreement (what is covered)</i></p> <ul style="list-style-type: none"> • Reimburse vs. indemnify • BI/PD • E&O • EPLI • Stat WC benefits <p><i>Conditions (obligations to be met)</i></p> <ul style="list-style-type: none"> • Claim reporting/notice • Appeals • Action against authority (dispute resolution) • Other coverage • Subrogation • Assignment • Cancellation/non-renewal • Severability • Defense and Settlement (may be condition or stand-alone) • Increased cost of construction; enforcement of ordinance and law. <p><i>Exclusions</i></p> <ul style="list-style-type: none"> • Asbestos, contract, nuclear, punitive damages, terrorism, etc. <p><i>If the JPA follows form of the excess carrier or pool then is there a policy document that makes this explicit?</i></p> <p><i>Is the document clear regarding the duty to defend within a deductible, member retention or pool sir?</i></p> <p><i>Issue has been some JPA's do not have these items articulated then if there is a dispute the court will say... you don't say you don't do this so you must...</i></p>	<p>✓</p>	<p>MOC for the 2017/2018 Program Year Reviewed.</p> <p>Reviewed MPD PEPLP; Article II - Coverage</p>



CRITERIA	STATUS	DISCUSSION
B. The JPA evaluates its insurers, excess insurers, reinsurers and risk pools for quality, stability, and financial solvency. (Mandatory) <i>(Review of current and past insurers due to outstanding claims. See process for evaluating excess insurers and excess risk pools and reinsurers document)</i>	√	
C. The JPA keeps all memoranda of coverages and insurance policies permanently on file. (Mandatory)	√	
D. The JPA maintains and distributes coverage agreements and insurance policies as appropriate. (Mandatory)	√	



IV. ACCOUNTING & FINANCE

Objective

To determine that the JPA complies with all applicable accounting standards and has adopted an investment policy.

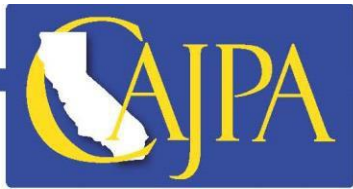
CRITERIA	STATUS	DISCUSSION
<p>A. The JPA materially adheres to all applicable GAAP, GASB, and other accounting standards. (Mandatory)</p> <p><i>Non-compliance examples:</i></p> <ul style="list-style-type: none"> • Not recording IBNR • Unrecorded ULAE (material) • Inadequate disclosures (Required Supplementary Information (RSI) #1, by line of coverage and RSI #2) loss development by line of coverage and disclosure of ceded insurance. • Inappropriate application of GAAP, such as recording equity in another pool) cannot be cured by disclosing the policy and limitations) • Liabilities not fairly stated (materially overstated; • Don't record above expected, any additional should be recorded as a designation of retained earnings). • GASB 31, market value of investments • GASB 40 Custodial Credit Risk Disclosures • GASB 27 Pension Liabilities • GASB 45 Other Post-Employment Benefits • Capital Asset Impairments • Related Party Transactions • Extraordinary Items • Prior Period Adjustments • Contingent Liabilities • Recording reinsurance recoveries when received instead of netting out of claims expense when paid and setting up as a receivable. • The MD&A is sufficient <p><i>(Consultant will review above irrespective of auditor's opinion)</i></p>	√	
<p>B. The JPA issues to its members periodic financial reports at least annually or more frequently if required by its governing documents. (Mandatory)</p>	√	
<p>C. Financial Audits</p>		
<p>1. The JPA has undergone annual independent financial audits conducted by a CPA in accordance with generally accepted auditing standards, a report of which has been made available to all members as required by its governing documents. (Mandatory)</p>	√	Sampson, Sampson & Patterson, LLP. Audit on October 20, 2016 for year ended June 30, 2016.



CRITERIA	STATUS	DISCUSSION
2. If the JPA has received an opinion other than an unqualified opinion on the audit of its financial statements, the JPA governing board has satisfactorily addressed any such qualifications of opinion, audit exceptions or negative statements. (Mandatory)	N/A	
3. The independent auditor's report shall include a review of internal controls at least every three years. (Excellence only) <i>(Issue a report on internal control and compliance to meet this.)</i>	√	October 20, 2016.
4. If a management letter or report on internal controls has been issued, the JPA governing board has addressed any recommendations. (Mandatory)	N/A	
D. Unpaid Claims Liabilities		
1. The JPA has assets sufficient to pay all unpaid claims liabilities and maintains a reasonable contingency margin. The determination of whether there is a reasonable margin for contingencies will include consideration of investment income, excess of loss insurance, aggregate stop loss insurance, assess ability, size of program, volatility of risk, tolerance of membership, disclosure to board and any other relevant factors. (Excellence only) <i>(If there is a deficit and the board has made an assessment, the receivable is recorded to offset the deficit.)</i>	√	
2. If the JPA does not currently have sufficient assets to pay unpaid claims liabilities, it has a reasonable financial plan in effect that will generate sufficient revenues to pay all unpaid claims liabilities and to establish a contingency margin. (Mandatory)	N/A	
For both D (1) and D (2) above, unpaid claims include: (Mandatory) a. Case reserves for reported claims; b. Incurred but unreported claims; c. Expected loss development; and, d. Allocated & unallocated loss adjusting expenses.	√	
3. JPAs with a self-funded medical benefits plan must fund at a level sufficient to cover expected claims, including the run-out, plus a reasonable contingency for adverse experience. Absent any acceptable evidence to the contrary, the contingency for adverse experience shall be set at an amount equal to or greater than the expected run-out of claims. (Mandatory)	N/A	
4. JPA's with self-funded benefit plans other than medical must fund such programs at a level sufficient to cover expected claims and projected run-out. (Mandatory)	N/A	
E. The JPA's current contribution levels for each self-funded program is in concert with Section D, above. (Mandatory)	√	
F. The JPA has adopted a target equity policy and considers it when evaluating funding and dividends. (Mandatory) <i>(For example see target equity worksheet)</i>	√	Financial Stability Plan revised on February 19, 2016 and BOD approved per minutes. 80% confidence level established.



CRITERIA	STATUS	DISCUSSION
<p>G. Any JPA with non-risk sharing program(s) must clearly indicate in the governing documents the financial and operational structure of such program(s). (Mandatory) <i>To be considered as a W.C. non-risk sharing program, it must not be operating under a master workers' compensation certificate filed with the State Dept. of Self-Insurance Plans.</i></p>		
<p>In lieu of funding standards contained in Section E above, a non-risk sharing program must:</p>		
<p>1. Calculate and communicate the individual member net asset balances and liabilities to the members annually.</p>	N/A	
<p>2. Be sufficiently assessable to ensure that program's cash flow needs are met.</p>	N/A	
<p>3. Demonstrate that it has adequate cash on hand to meet future claims costs.</p>	N/A	
<p>H. The JPA maintains a suitable management information system that includes premium computation methods and/or allocation formulas. (Excellence only).</p>	√	



V. INVESTMENT OF FUNDS

Objective

To assure that policies and procedures are in effect to protect and preserve the JPA's financial assets.

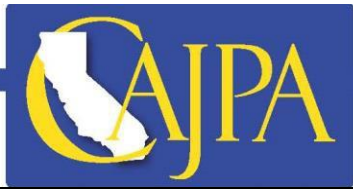
CRITERIA	STATUS	DISCUSSION
A. The JPA has a written investment policy that contains: (Mandatory) <i>Required for all, even if they only have money in LAIF and or County Treasury.</i>		Reviewed and amended as of February 10, 2017.
1. A statement of objectives as required by G.C. § 53646	√	
2. Description of permitted investments, which must be in conformity with California G.C. §53601 and reasonable under "prudent investment rule."	√	
3. The written investment policy is reviewed annually by governing body or an investment committee pursuant to California G.C. § 53646(a).	√	
B. The JPA invests its funds in conformity with GC §53601. (G.C. 6509.5) (Mandatory)	√	
C. The JPA provides evidence that the governing body or an investment committee periodically considers diversification of risk as to type of investment and individual institution. (Excellence only)	√	
D. The JPA has in place internal controls that include: (Mandatory) <i>Government pooled funds excepted.</i>		
1. Separation of functions (buying and selling of securities is separate from accounting and reporting of transactions) if the size of the staff can accommodate this;	√	
2. Separate verification of all transactions; and	√	
3. Written documentation of procedures.	√	
E. If the Treasurer has the authority to reinvest, sell and exchange securities:		
1. The JPA makes such delegation of authority annually. (G.C. §53607). (Mandatory)	√	
2. The Treasurer renders a monthly report of investment transactions to the governing board. (G.C. 53607). (Mandatory)	√	



CRITERIA	STATUS	DISCUSSION
<p>THE FOLLOWING REQUIREMENTS (F, G, H & I) ONLY APPLY TO JPAs THAT MANAGE THEIR OWN INVESTMENTS, WITH OR WITHOUT THE USE OF INVESTMENT CONSULTANTS.</p> <p><i>Does not apply to JPA funds that are deposited with county or state investment pools.</i></p>		
<p>F. The JPA provides evidence that the Treasurer or Chief Financial Officer has submitted a quarterly report in a timely manner to the governing board containing the investment information required by California G.C. §53646 (b) (1), a description of compliance with the statement of investment policy G.C. §53646 (b) (2), and a statement of ability to meet expenditure requirements over the next six months G.C. §53646 (b) (3). (Mandatory) <i>Should be signed by Treasurer or CEO. (Note; under 53646 it does not state that you must provide the transaction detail as described under 53607 for a treasurer that has investment authority)</i></p>	√	
<p>G. The quarterly investment report filed with the governing body shall also contain:</p>		
<p>1. Type of investments; (Mandatory)</p>	√	
<p>2. Issuing institution; (Mandatory)</p>	√	
<p>3. Dates of purchase and maturity; (Mandatory)</p>	√	
<p>4. Par and dollar amount invested on all securities; (Mandatory)</p>	√	
<p>5. Investments and monies held by the JPA; (Mandatory)</p>	√	
<p>6. Current market value, including source; (Mandatory)</p>	√	
<p>7. Coupon rate; (Excellence only)</p>	√	
<p>8. Effective yield rate; (<i>yield to maturity</i>) (Excellence only)</p>	√	
<p>9. Portfolio total rate of return; (Excellence only)</p>	√	
<p>10. Cash and security transactions; (Excellence only)</p>	√	
<p>11. Percentage of portfolio by issuer or security type. (Excellence only)</p>	√	
<p>H. JPAs that own investment securities shall have an independent custodian who shall not be from the same department of the financial institution or broker/dealer from whom the JPA buys or sells the security, or the investment advisor. (Mandatory)</p> <p>1. There shall be a written contract between the JPA and the independent custodian that includes: (Mandatory)</p> <ul style="list-style-type: none"> a. Scope of services b. Compensation c. Termination 	√	Through participation in CAMP



CRITERIA	STATUS	DISCUSSION
2. Monthly reports shall be sent directly from custodian to a specific person at the JPA. (Excellence only)	√	
3. Custodial statements shall be reconciled with an in-house or investment advisor's report. (Mandatory) <i>Should be independent of the custodian and investment advisor. Should be documented in the investment accounting procedures. Recommend quarterly.</i>	√	
4. The third-party custodian shall maintain adequate fidelity coverage. (Excellence only)	√	\$10M Indian Harbor (expires 11/5/17)
I. For JPAs that engage in services of a professional investment advisor, the following safeguards are in place: <i>For the purpose of this Section I, an investment advisor is a person or firm that provides advice as to the value of securities or property or the advisability of purchasing or selling such securities or property. The advisor may have discretionary authority or control to purchase or sell. An investment advisor renders advice to the JPA on a regular basis with the understanding that his or her advice will be an integral factor in the investment decision-making process relative to the particular needs of the JPA. Purely clerical or ministerial duties such as record-keeping, reporting, processing, or disseminating information generally will not be classified as investment advisory activities, absent authority, discretion, or control.</i>		
1. There is a written contract between the advisor and the JPA that includes; (Mandatory) a. Scope of services b. Compensation c. Duty to disclose conflicts of interest d. Termination e. Disclosure to JPA of any investigation by a regulatory body for investment-related regulatory violations.	√	
2. The JPA has a process to ensure the investment advisor has disclosed any conflict of interests (Mandatory) <i>(This may be satisfied by a provision in the contract as addressed in I(1) above or FPPC form 700, or review of Form ADV Parts 1 and 2; this should be done annually.)</i>	√	
3. All securities are purchased in the name of the JPA. (Mandatory) <i>Deposits in LAIF or a treasury are not "securities"</i>	N/A	Invested in CAMP
4. The advisor sends monthly reports to the JPA containing information described in Section D above. (Mandatory)	√	
5. The advisor reports at least quarterly an evaluation including total rate of return and a comparison of the pool's total rate of return to reasonable benchmarks (i.e., U.S. Treasury securities, an index comprised of Treasuries, or LAIF). (Excellence only)	√	
6. The investment advisor carries Investment Advisor Professional Liability Insurance with a per claim/aggregate limit of at least \$1,000,000. (Mandatory)	√	



CRITERIA	STATUS	DISCUSSION
J. JPA's that place their investments in or through County or State investment pools, or in FDIC insured contracts will issue quarterly reports to the governing body, chief financial officer, and auditor in accordance with G.C. §53646 (e). (Mandatory)	√	



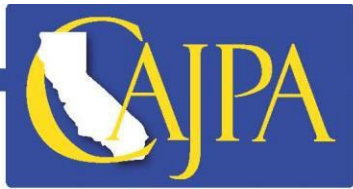
VI. FUNDING AND ACTUARIAL STANDARDS

Objective

To determine that the JPA has completed actuarial studies or independent evaluations on each of its self-funded programs. There may be instances in which the provisions of this section may be waived because such studies may not be considered necessary (such as for property or vehicle physical damage programs).

Program: Liability

CRITERIA	STATUS	DISCUSSION
<p>A. The JPA has had property or casualty (including W.C.) actuarial study(ies). Such study was conducted by a Member of the American Academy of Actuaries and addressed all of the relevant items in Sections IV. E and IV. F. Such study(ies) shall be conducted within the last three years (Mandatory) or annually. (Excellence only). (<i>The actuary should be conducted for major programs, if a pool is in run-out it still should have an actuary study, unless as determined by the committee the risk and variability has sufficiently diminished. Such considerations would be; line of coverage, the risk layer retained, whether the pool is an excess layer pool, the variability inherent in the claims and how the claims are developing.</i>)</p>	√	<p>Bickmore Risk Services Derek Burkhalter and Mark Priven as of June 30, 2017 (Forecast for Program Year 2016-2017)</p>
<p>B. If loss reserves requirements were computed on a discounted (present value) basis, the pay-out pattern and projected rate of return were reasonable. (Mandatory) <i>Is the discount rate reasonable given; current cash and investment balances, accounts receivable or deficit balances, or the character of the assets such as buildings?</i></p>	√	<p>2% discount, 80% confidence level</p>
<p>C. If the JPA has a self-funded medical benefits plan, it must conduct an independent rate study and fund level evaluation, including consideration of a reasonable contingency margin for adverse experience. Such study shall be conducted annually (Excellence only) or within the last 36 months. (Mandatory).</p>	N/A	
<p>D. If JPA has other miscellaneous self-funded programs (such as dental, vision, long-term disability or life), it must conduct independent rate studies and fund level evaluations within the last 36 months (Mandatory) or bi-annually. (Excellence only) <i>Evaluation does not have to be prepared by actuary - can be by benefit consultant.</i></p>	N/A	



VII. RISK CONTROL

Objective

To determine that the JPA actively promotes risk control principles and practices to its members and that necessary budgetary appropriations for such services are made. An excess JPA may meet this requirement by requiring its member agencies to be responsible for having their own risk control program.

CRITERIA	STATUS	DISCUSSION
A. JPAs are active in promoting risk control principles among their member agencies. This shall include the following: (Compliance with two or more is required for Excellence) <i>Not applicable for benefit programs.</i>		
1. Promoting a risk transfer policy that addresses additional insureds, minimum insurance limits and proof of suitable insurance coverage.	N/A	Not applicable to employment practices
2. Establishing risk control standards for the significant exposures of its member agencies.	√	
3. Prioritizing the use of its risk control resources, based on such factors as; (a) loss ratios, (b) frequency, and (c) severity rates.	√	
4. Offering risk control assistance to its member agencies, including (a) conducting or facilitating risk control inspections, (b) investigating large losses, (c) conducting risk control training for its member agencies, and/or (d) providing wellness and/or employee assistance program.	√	Members have access to one hour per month of complimentary legal advice from Jackson Lewis PC or Liebert Cassidy Whitmore, as well as interactive workshops.
5. Providing or facilitating the procurement of appraisal services, in order to maintain accurate records of its members' property components and values.	N/A	Not applicable to employment practices
B. The JPA's budget provides for the above. (Excellence only)	√	
C. The JPA maintains a suitable management information system that includes: (Excellence only)		
1. Relevant information about type and quantity of exposures being assumed.	√	Employees of ERMA members have access to toll free employee reporting line, 3 rd party reporting service, (24/7/365) providing a simple, accessible, unbiased reporting mechanism for employees. ERMA members are trained on how to manage reports retrieved via the line as well as those received internally.
2. Relevant information about the type, number and cause of accidents resulting in claims against its member agencies.	√	



VIII. CLAIMS MANAGEMENT

Objective

Measure nature, scope, and quality of the claims management services provided by JPA and its contractors.

Program: **Liability (Employment Practices Liability/EPL Only)**

CRITERIA	STATUS	DISCUSSION
A. The JPA has established a suitable claims management system. Excess JPA's must have a process to monitor primary claims handled by, or for, its member agencies. (Mandatory)	√	Origami System.
B. The JPA has established a litigation management system. (Excellence only)	√	Through Atty Partners Jackson Lewis and Liebert Cassidy Whitmore (LCW) and MPD, Section VI.F.
C. The JPA has conducted a claims audit on each significant self-funded program within the last 2 years. Significant self-funded programs shall include W.C., liability, and medical malpractice. (Excellence only) <i>(A periodic OBEA audit may be acceptable replacement on a self-administered program (in-house administration) however; this audit does not have the same scope in review of reserves).</i> The audit should be conducted by a qualified claims auditor, independent of the JPA, the claims administrator and the insurers, and should determine whether or not:		FCS audited on March 15-16, 2017; 40 claim files reviewed of Bickmore administered files.
1. Claims are handled in a timely and organized manner;	√	
2. The claims administrator adequately communicates with the JPA, its members, and the claimants;	√	
3. Case reserving practices are reasonable;	√	Policy being amended to address the elimination of outstanding reserves once the claim has been settled.
4. Loss experience reports accurately reflect the case reserves and the payments. As an alternative, this determination may be made during the financial audits required in Section IV. C. of these Accreditation Standards.	√	
5. The JPA is receiving quality claims services. General evidence of this may be indicated from the following:		
a. Staffing levels are adequate in relation to caseloads;	√	
b. Adjusters identify claims with subrogation potential;	√	
c. Excess insurers are notified of claims with excess potential;	√	
d. Litigated claims are adequately managed;	√	
e. Coverage is verified; and	√	
f. Adequate investigations are performed.	√	



CRITERIA	STATUS	DISCUSSION
D. The JPA has addressed all major recommendations and significant findings included in the audit report. <i>Consideration of a future standard: (An excess pool has a process of reviewing primary layer claim audit results and follow-up with members (Excellence only)</i>	√	Bickmore submitted a detailed response to the audit findings on March 21, 2017 as rebuttal which were considered when preparing the final audit report.
E. The JPA maintains a management information system that includes relevant information about the type, number and cost of claims being reported and adjusted. (Excellence only)	√	
F. If the JPA provides employee benefit plans for its members, it must have an appeals process for handling claims and/or coverage related disputes. (Mandatory)	N/A	
G. The JPA has a written policy addressing settlement authority (Excellence only)	√	Included in the Master Program Document (PEPLP) as of February 10, 2017 – Article VI.F.



**IX. Underwriting
Objective**

To determine that the JPA has a clear process for developing and monitoring its underwriting policies and processes.

CRITERIA	STATUS	DISCUSSION
I. Underwriting Objectives This applies to rating individual members and overall program management		UNDERWRITING POLICY IS PROCESS, WILL BE PROVIDED WITHIN 6-MONTHS
1. The JPA has established a written underwriting policy. This policy should include the following: <i>This should be a written policy approved by the board</i>		
a. Definition of the underwriting function / mission	U	
b. Address suitability or fit of member	U	
c. As applicable considers i. Claims ii. Exposures iii. Actuarial results	U	
d. Defines relevant period or value of data. (<i>ex last 5 years; or capped at \$150,000</i>)	U	
2. There is an objective contribution allocation formula (Addresses both new and existing members)		
a. It identifies the components in writing as part of the policy	U	
b. The policy identifies guidelines for credits or debits, if any	U	
3. There is an approval process for new members by board or who they delegate this approval. (Mandatory)	U	
4. The underwriting policy is formally reviewed periodically or at least once every three years. (Mandatory) (<i>a fresh look at the formulas</i>), this review should consider:		
a. Is the process adequately measuring the risks?	U	
b. Is the process adequately allocating costs?	U	
5. Underwriting considers the target net assets (Excellence) May include a dividend & assessment formula	U	



X. OPERATIONS AND ADMINISTRATIVE MANAGEMENT

Objective

To determine that the JPA (A) has a process for developing and implementing a strategic plan setting forth its goals and objectives for the future, (B) regularly and effectively communicates with its members (C) actively involves its governing board members and staff in education and training programs offered by relevant professional associations and (D) maintains procedures and policies relating to information systems.

CRITERIA	STATUS	DISCUSSION
A. The JPA conducts an effective strategic planning process to guide its future efforts. This should include an analysis of the environmental trends and the organizational strengths, weaknesses, opportunities and threats. Such a process may also include the following: (Excellence only)	√	Annual workshop; last workshop was held on 2/09/17
1. A survey of member expectations and related perceptions; (either formally or informally)		
2. A mission statement with supporting goals, objectives and tasks.	√	
3. Consideration of the target equity policy.	√	
B. The JPA regularly communicates with its member entities. Such communication may include (Excellence only) <i>One or more or related communication efforts with members</i>		
1. Annual reports, newsletters, or similar media;		
2. Notice of major policy issues;	√	
3. Periodic workshops, seminars, or similar educational activities;		
4. Surveys of its member agencies, its service providers, and staff.		
5. JPA website for communication with members	√	www.ermajpa.org
C. The JPA governing board and staff are actively involved in education and training programs. Such involvement may be indicated by the following: (Excellence only)		
1. Participation in one or more of the following organizations:		
a. CAJPA (California Association of Joint Powers Authorities)	√	
b. PARMA (Public Agency Risk Managers Association)	√	
c. PRIMA (Public Risk Management Association)	√	
d. CPCU Society (Chartered Property and Casualty Underwriters)		
e. RIMS (Risk and Insurance Management Society)		
f. CASBO (California Association of School Business Officials)		



CRITERIA	STATUS	DISCUSSION
g. COSIPA (Council of Self-Insured Public Agencies)		
h. CSIA (California Self-Insurers Association)		
i. PASMA (Public Agency Safety Management Association)		
j. AGRIP (Association of Governmental Risk Insurance Pools)		
k. IEA (Insurance Educational Association)		
l. ASSE (American Society of Safety Engineers)		
m. SCIC (Society of Certified Insurance Counselors)		
2. Top management has attended at least two professional conferences or seminars in the preceding 12 months.	√	
3. The governing body members participate in pool management and risk management training.	√	
4. There is formal training of all key personnel. <i>(As needed)</i>	√	
5. The JPA's budget provides for the above participation and training.	√	
D. The JPA has developed and implemented processes and procedures relating to protection of electronic data, including:		<u>DRAFT</u> Resolution No: 2017-01, which will be voted/approved, finalized by November 2017.
1. A suitable security and back-up system for all stored data. (Mandatory)	U	<u>DRAFT</u> Resolution No: 2017-01, to be presented to the BOD on 11/2017.
2. A written policy with respect to:		
a. Disaster recovery (Excellence only)	U	<u>DRAFT</u> Resolution No: 2017-01,
b. Physical and electronic data security (Excellence only)	U	<u>DRAFT</u> Resolution No: 2017-01,
c. Electronic data retention (Excellence only)	U	<u>DRAFT</u> Resolution No: 2017-01,
d. Protection of electronic data as required by Health Insurance Portability and Accountability Act of 1996 (HIPAA), as applicable. (Excellence only)	N/A	

Employment Risk Management Authority

Cash & Investment Report

December 31, 2017

<u>Accounts</u>	<u>Book Value</u>	<u>Market Value *</u>	<u>% of Total</u>	<u>Effective Yield</u>
California Bank & Trust - Administration ¹	\$ 2,257	\$ 2,257	0.01%	0.00%
California Bank & Trust - General Operating ¹	24,477	24,477	0.08%	0.00%
California Bank & Trust - Claims Payment ²	(15,761)	(15,761)	-0.05%	0.00%
Local Agency Investment Fund	5,234,936	5,224,956	17.35%	1.20%
CAMP - Money Market	120,379	120,379	0.40%	1.29%
CAMP - Investments managed by PFM	24,966,697	24,754,045	82.21%	1.73%
Total	\$ 30,332,985	\$ 30,110,353		1.64%

* Yield to Maturity at Cost

Notes:

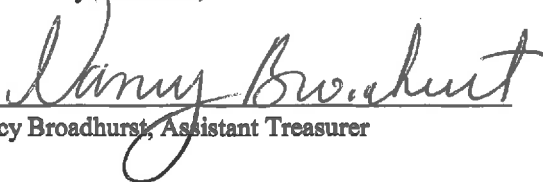
¹ These accounts are non-interest bearing analysis checking accounts in which the earning credit offsets a portion of the banking service charges.

² Beginning on February 2, 2016, ERMA's claims account was converted to a zero-balance account with a sweep arrangement to the general operating account. The negative balance represents the total outstanding checks as of the end of the quarter.

Attached are the PFM Asset Management (PFM) and Local Agency Investment Fund (LAIF) statements detailing all investment transactions. Market prices are derived from closing bid prices as of the last business day of the month from either Interactive Data, Bloomberg, Telerate, and other widely-used third party pricing vendors.

This report reflects all cash and investments and is in conformity with the investment policy of the Authority. The investment program shown herein is sufficient to meet the Authority's expenditure requirements over the next six months.

Respectfully submitted,



Nancy Broadhurst, Assistant Treasurer

Accepted,

John Gillison, Treasurer

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

www.treasurer.ca.gov/pmia-laif/laif.asp
January 03, 2018

EMPLOYMENT RISK MANAGEMENT AUTHORITY

ASSISTANT TREASURER
1750 CREEKSIDE OAKS DRIVE
SACRAMENTO, CA 95833

PMIA Average Monthly Yields

Account Number:
35-34-011

Tran Type Definitions

December 2017 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
12/14/2017	12/13/2017	RW	1556158	NANCY BROADHURST	-220,000.00

Account Summary

Total Deposit:	0.00	Beginning Balance:	5,454,935.83
Total Withdrawal:	-220,000.00	Ending Balance:	5,234,935.83

**ERMA
LAIF Market Value
12/31/2017**

Adjustment for Market Value	
------------------------------------	--

LAIF Statement Balance	\$ 5,234,935.83
Fair Value Factor per LAIF Performance Report	<u>0.998093529</u>
Adjusted Market Value	<u><u>\$ 5,224,955.58</u></u>



**JOHN CHIANG
TREASURER
STATE OF CALIFORNIA**



PMIA Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
12/11/17	1.21	1.16	189
12/12/17	1.22	1.16	191
12/13/17	1.22	1.16	190
12/14/17	1.23	1.17	188
12/15/17	1.23	1.17	188
12/16/17	1.23	1.17	188
12/17/17	1.23	1.17	188
12/18/17	1.23	1.17	184
12/19/17	1.24	1.17	182
12/20/17	1.25	1.17	184
12/21/17	1.26	1.17	185
12/22/17	1.26	1.17	191
12/23/17	1.26	1.17	191
12/24/17	1.26	1.18	191
12/25/17	1.26	1.18	191
12/26/17	1.28	1.18	186
12/27/17	1.28	1.18	183
12/28/17	1.30	1.18	186
12/29/17	1.30	1.18	177
12/30/17	1.30	1.18	177
12/31/17	1.30	1.18	186
01/01/18	1.30	1.30	186
01/02/18	1.32	1.31	194
01/03/18	1.33	1.32	193
01/04/18	1.34	1.32	192
01/05/18	1.34	1.33	192
01/06/18	1.34	1.33	192
01/07/18	1.34	1.33	192
01/08/18	1.34	1.33	187
01/09/18	1.34	1.33	187
01/10/18	1.34	1.33	187

*Daily yield does not reflect capital gains or losses

[View Prior Month Daily Rates](#)

LAIF Performance Report

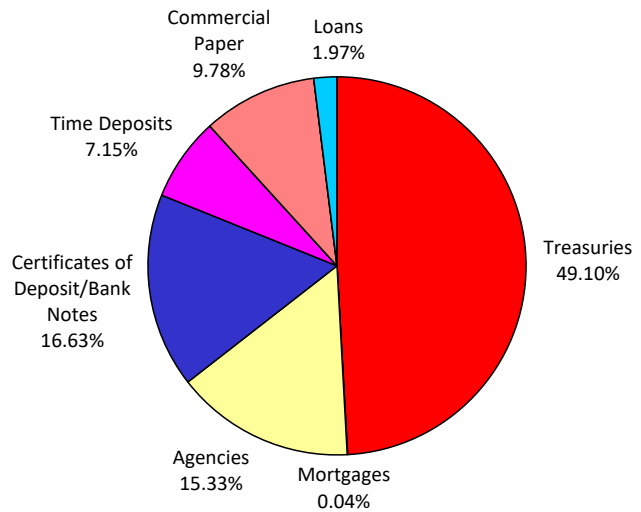
Quarter Ending 12/31/17

Apportionment Rate: 1.20%
 Earnings Ratio: .00003301121703481
 Fair Value Factor: .998093529
 Daily: 1.30%
 Quarter to Date: 1.18%
 Average Life: 186

PMIA Average Monthly Effective Yields

Dec 2017 1.239
 Nov 2017 1.172
 Oct 2017 1.143

**Pooled Money Investment Account
Portfolio Composition
12/31/17
\$74.3 billion**



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

www.treasurer.ca.gov/pmia-laif/laif.asp
December 19,
2017

EMPLOYMENT RISK MANAGEMENT AUTHORITY

ASSISTANT TREASURER
1750 CREEKSIDE OAKS DRIVE
SACRAMENTO, CA 95833

PMIA Average Monthly Yields

Account Number:
35-34-011

// [Tran Type Definitions](#)

November 2017 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
11/27/2017	11/27/2017	RW	1555026	NANCY BROADHURST	-15,000.00
11/29/2017	11/28/2017	RW	1555166	NANCY BROADHURST	-320,000.00

Account Summary

Total Deposit:	0.00	Beginning Balance:	5,789,935.83
Total Withdrawal:	-335,000.00	Ending Balance:	5,454,935.83

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

www.treasurer.ca.gov/pmia-laif/laif.asp
November 03,
2017

EMPLOYMENT RISK MANAGEMENT AUTHORITY

ASSISTANT TREASURER
1750 CREEKSIDE OAKS DRIVE
SACRAMENTO, CA 95833

PMIA Average Monthly Yields

Account Number:
35-34-011

// [Tran Type Definitions](#)

October 2017 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
10/13/2017	10/12/2017	QRD	1551814	SYSTEM	10,682.18
10/19/2017	10/18/2017	RW	1552801	NANCY BROADHURST	-85,000.00

Account Summary

Total Deposit:	10,682.18	Beginning Balance:	5,864,253.65
Total Withdrawal:	-85,000.00	Ending Balance:	5,789,935.83



Account Statement - Transaction Summary

For the Month Ending **December 31, 2017**

EMPLOYMENT RISK MANAGEMENT AUTHORITY - ERMA - 596-00

CAMP Pool

Opening Market Value	167,977.38
Purchases	301,862.06
Redemptions	(349,460.50)
Unsettled Trades	0.00
Change in Value	0.00

Closing Market Value **\$120,378.94**

Cash Dividends and Income 99.43

CAMP Managed Account

Opening Market Value	24,724,923.32
Purchases	346,363.28
Redemptions	(288,207.70)
Unsettled Trades	0.00
Change in Value	(29,034.40)

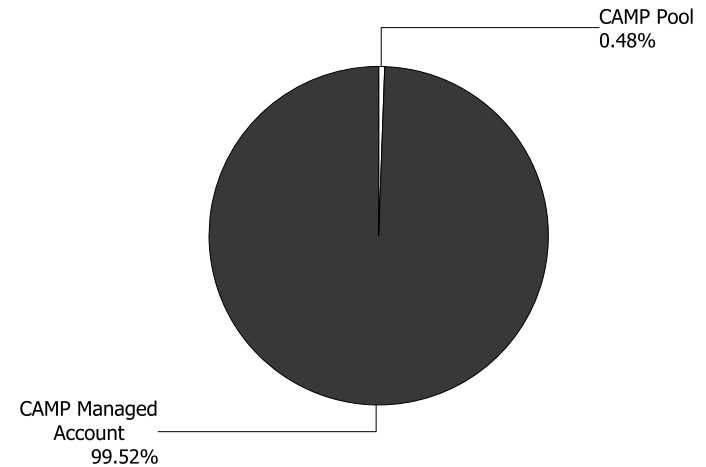
Closing Market Value **\$24,754,044.50**

Cash Dividends and Income 12,888.67

Asset Summary

	December 31, 2017	November 30, 2017
CAMP Pool	120,378.94	167,977.38
CAMP Managed Account	24,754,044.50	24,724,923.32
Total	\$24,874,423.44	\$24,892,900.70

Asset Allocation





Managed Account Detail of Securities Held

For the Month Ending **December 31, 2017**

EMPLOYMENT RISK MANAGEMENT AUTHORITY - ERMA - 596-00 - (12510475)

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 11/15/2010 2.625% 11/15/2020	912828PC8	35,000.00	AA+	Aaa	05/03/16	05/06/16	37,171.09	1.21	119.29	36,390.82	35,631.65
US TREASURY NOTES DTD 05/02/2016 1.375% 04/30/2021	912828Q78	225,000.00	AA+	Aaa	01/03/17	01/05/17	220,535.15	1.86	529.87	221,528.43	220,130.78
US TREASURY NOTES DTD 05/31/2016 1.375% 05/31/2021	912828R77	750,000.00	AA+	Aaa	03/15/17	03/17/17	730,517.58	2.02	906.59	734,076.86	733,125.00
US TREASURY NOTES DTD 06/02/2014 2.000% 05/31/2021	912828WN6	850,000.00	AA+	Aaa	09/01/16	09/02/16	880,546.88	1.22	1,494.51	872,154.54	848,538.85
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	485,000.00	AA+	Aaa	10/03/16	10/05/16	503,206.45	1.21	3,295.86	498,692.57	483,408.72
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	675,000.00	AA+	Aaa	12/01/16	12/05/16	677,003.91	1.93	4,587.02	676,571.10	672,785.33
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	900,000.00	AA+	Aaa	07/06/17	07/11/17	905,449.22	1.85	6,116.02	904,847.08	897,047.10
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	1,100,000.00	AA+	Aaa	06/27/17	06/29/17	1,111,988.28	1.73	7,475.14	1,110,573.61	1,096,390.90
US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	550,000.00	AA+	Aaa	08/30/17	08/31/17	541,320.31	1.64	1,177.49	542,004.56	532,812.50
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	350,000.00	AA+	Aaa	12/04/17	12/06/17	346,363.28	2.12	1,123.96	346,420.61	345,816.45
Security Type Sub-Total		5,920,000.00					5,954,102.15	1.71	26,825.75	5,943,260.18	5,865,687.28
Supra-National Agency Bond / Note											
INTER-AMERICAN DEVELOPMENT BANK DTD 04/12/2016 1.000% 05/13/2019	458182DX7	350,000.00	AAA	Aaa	04/05/16	04/12/16	348,950.00	1.10	466.67	349,530.42	345,566.90
INTER-AMERICAN DEVEL BK NOTE DTD 04/12/2017 1.625% 05/12/2020	4581X0CX4	400,000.00	AAA	Aaa	04/05/17	04/12/17	399,052.00	1.70	884.72	399,270.96	396,242.00



Managed Account Detail of Securities Held

For the Month Ending **December 31, 2017**

EMPLOYMENT RISK MANAGEMENT AUTHORITY - ERMA - 596-00 - (12510475)

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Supra-National Agency Bond / Note												
INTL BANK OF RECONSTRUCTION AND DEV NOTE	09/19/2017 1.561% 09/12/2020	45905UP32	625,000.00	AAA	Aaa	09/12/17	09/19/17	623,500.00	1.64	2,764.27	623,639.32	613,856.25
INTER-AMERICAN DEVELOPMENT BANK	11/08/2013 2.125% 11/09/2020	4581X0CD8	500,000.00	AAA	Aaa	10/02/17	10/10/17	504,634.55	1.81	1,534.72	504,307.04	500,422.50
Security Type Sub-Total			1,875,000.00					1,876,136.55	1.60	5,650.38	1,876,747.74	1,856,087.65
Municipal Bond / Note												
CT ST TXBL GO BONDS	08/17/2016 1.300% 08/15/2019	20772J3D2	275,000.00	A+	A1	08/03/16	08/17/16	275,594.00	1.23	1,350.56	275,324.41	270,734.75
Security Type Sub-Total			275,000.00					275,594.00	1.23	1,350.56	275,324.41	270,734.75
Federal Agency Collateralized Mortgage Obligation												
FNMA SERIES 2015-M15 ASQ2	11/01/2015 1.898% 01/01/2019	3136AOSW1	37,851.85	AA+	Aaa	11/06/15	11/30/15	38,230.36	1.20	59.87	37,931.07	37,816.93
FANNIE MAE SERIES 2015-M13 ASQ2	10/01/2015 1.646% 09/01/2019	3136AODO0	114,520.35	AA+	Aaa	10/07/15	10/30/15	115,667.15	1.08	157.08	114,925.01	114,138.93
Security Type Sub-Total			152,372.20					153,897.51	1.11	216.95	152,856.08	151,955.86
Federal Agency Bond / Note												
FREDDIE MAC NOTES	03/21/2016 1.125% 04/15/2019	3137EADZ9	150,000.00	AA+	Aaa	08/12/16	08/15/16	150,903.00	0.90	356.25	150,439.25	148,627.05
FEDERAL HOME LOAN BANK AGENCY NOTES	05/12/2017 1.375% 05/28/2019	3130ABF92	100,000.00	AA+	Aaa	05/11/17	05/12/17	99,811.00	1.47	126.04	99,869.39	99,319.80
FNMA BENCHMARK NOTE	08/02/2016 0.875% 08/02/2019	3135G0N33	240,000.00	AA+	Aaa	07/29/16	08/02/16	239,596.80	0.93	869.17	239,785.45	236,153.52
FHLB GLOBAL NOTE	08/04/2016 0.875% 08/05/2019	3130A8Y72	375,000.00	AA+	Aaa	08/03/16	08/04/16	374,280.00	0.94	1,330.73	374,615.19	368,902.13



Managed Account Detail of Securities Held

For the Month Ending **December 31, 2017**

EMPLOYMENT RISK MANAGEMENT AUTHORITY - ERMA - 596-00 - (12510475)

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Federal Agency Bond / Note											
FNMA NOTES DTD 09/02/2016 1.000% 08/28/2019	3135G0P49	150,000.00	AA+	Aaa	08/31/16	09/02/16	149,766.00	1.05	512.50	149,869.26	147,787.35
FHLB NOTES DTD 11/17/2016 1.375% 11/15/2019	3130AA3R7	700,000.00	AA+	Aaa	11/16/16	11/17/16	699,839.00	1.38	1,229.86	699,898.47	692,980.40
FNMA NOTES DTD 02/28/2017 1.500% 02/28/2020	3135G0T29	150,000.00	AA+	Aaa	02/24/17	02/28/17	149,904.00	1.52	768.75	149,930.51	148,443.45
FHLB GLOBAL NOTE DTD 07/14/2016 1.125% 07/14/2021	3130A8QS5	625,000.00	AA+	Aaa	07/14/16	07/15/16	621,199.38	1.25	3,261.72	622,286.35	604,235.63
Security Type Sub-Total		2,490,000.00					2,485,299.18	1.20	8,455.02	2,486,693.87	2,446,449.33
Corporate Note											
IBM CORP NOTES DTD 02/06/2015 1.125% 02/06/2018	459200HZ7	175,000.00	A+	A1	02/03/15	02/06/15	174,466.25	1.23	792.97	174,982.44	174,893.78
AMERICAN HONDA FINANCE CORP NOTES DTD 03/13/2015 1.500% 03/13/2018	02665WAT8	125,000.00	A+	A2	03/10/15	03/13/15	124,832.50	1.55	562.50	124,988.62	124,954.50
BANK OF NEW YORK MELLON CORP (CALLABLE) DTD 05/29/2015 1.600% 05/22/2018	06406HDB2	275,000.00	A	A1	05/22/15	05/29/15	274,975.25	1.60	476.67	274,996.64	274,750.85
CISCO SYSTEMS INC CORP NOTE DTD 06/17/2015 1.650% 06/15/2018	17275RAU6	450,000.00	AA-	A1	06/10/15	06/17/15	449,923.50	1.66	330.00	449,988.09	449,615.25
TOYOTA MOTOR CREDIT CORP DTD 07/13/2015 1.550% 07/13/2018	89236TCP8	85,000.00	AA-	Aa3	07/08/15	07/13/15	84,927.75	1.58	614.83	84,986.91	84,856.95
AMERICAN EXPRESS CRD CRP NT (CALLABLE) DTD 07/31/2015 1.800% 07/31/2018	0258M0DV8	70,000.00	A-	A2	10/05/15	10/08/15	70,270.90	1.66	528.50	70,050.39	69,953.94
BERKSHIRE HATHAWAY INC NOTES DTD 03/15/2016 1.700% 03/15/2019	084664CG4	35,000.00	AA	Aa2	03/08/16	03/15/16	34,973.40	1.73	175.19	34,989.15	34,886.81
WELLS FARGO & COMPANY CORP NOTE DTD 04/22/2014 2.125% 04/22/2019	94974BFU9	250,000.00	A	A2	03/10/16	03/15/16	251,022.50	1.99	1,018.23	250,439.55	249,960.75



Managed Account Detail of Securities Held

For the Month Ending **December 31, 2017**

EMPLOYMENT RISK MANAGEMENT AUTHORITY - ERMA - 596-00 - (12510475)

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
GOLDMAN SACHS GRP INC CORP NT (CALLABLE) DTD 04/25/2016 2.000% 04/25/2019	38141GVT8	35,000.00	BBB+	A3	04/20/16	04/25/16	34,902.70	2.10	128.33	34,956.57	34,894.48
GOLDMAN SACHS GRP INC CORP NT (CALLABLE) DTD 04/25/2016 2.000% 04/25/2019	38141GVT8	200,000.00	BBB+	A3	04/21/16	04/26/16	199,872.00	2.02	733.33	199,942.87	199,397.00
CITIGROUP INC CORP NOTES DTD 06/09/2016 2.050% 06/07/2019	172967KS9	100,000.00	BBB+	Baa1	06/02/16	06/09/16	99,948.00	2.07	136.67	99,974.69	99,709.90
BURLINGTON NRTH CORP DTD 09/24/2009 4.700% 10/01/2019	12189TBC7	125,000.00	A	A3	06/03/16	06/08/16	137,987.50	1.48	1,468.75	131,936.78	130,294.13
CITIGROUP INC (CALLABLE) CORP NOTE DTD 01/10/2017 2.450% 01/10/2020	172967LF6	250,000.00	BBB+	Baa1	01/04/17	01/10/17	249,900.00	2.46	2,909.38	249,931.70	250,115.25
MICROSOFT CORP DTD 02/06/2017 1.850% 02/06/2020	594918BV5	225,000.00	AAA	Aaa	01/30/17	02/06/17	224,849.25	1.87	1,676.56	224,893.75	224,334.68
AMERICAN EXPRESS CREDIT (CALLABLE) CORP DTD 03/03/2017 2.200% 03/03/2020	0258M0EE5	180,000.00	A-	A2	02/28/17	03/03/17	179,812.80	2.24	1,298.00	179,863.25	179,455.14
WALT DISNEY COMPANY CORP NOTES DTD 03/06/2017 1.950% 03/04/2020	25468PDP8	100,000.00	A+	A2	03/01/17	03/06/17	99,974.00	1.96	633.75	99,980.93	99,675.00
TOYOTA MOTOR CREDIT CORP (CALLABLE) DTD 04/17/2017 1.950% 04/17/2020	89236TDU6	350,000.00	AA-	Aa3	04/11/17	04/17/17	349,839.00	1.97	1,402.92	349,876.05	348,590.90
APPLE INC BONDS DTD 05/11/2017 1.800% 05/11/2020	037833CS7	200,000.00	AA+	Aa1	05/04/17	05/11/17	199,796.00	1.84	500.00	199,838.54	198,306.20
HOME DEPOT INC CORP NOTES DTD 06/05/2017 1.800% 06/05/2020	437076BO4	125,000.00	A	A2	05/24/17	06/05/17	124,927.50	1.82	162.50	124,941.03	124,006.00
JP MORGAN CHASE & CO CORP NT (CALLABLE) DTD 06/23/2015 2.750% 06/23/2020	46625HLW8	250,000.00	A-	A3	04/01/16	04/04/16	256,172.50	2.13	152.78	253,642.40	252,183.00
AMERICAN HONDA FINANCE CORP NOTES DTD 07/20/2017 1.950% 07/20/2020	02665WBT7	100,000.00	A+	A2	07/17/17	07/20/17	99,899.00	1.98	872.08	99,913.69	99,212.90



Managed Account Detail of Securities Held

For the Month Ending **December 31, 2017**

EMPLOYMENT RISK MANAGEMENT AUTHORITY - ERMA - 596-00 - (12510475)

Security Type/Description	S&P	Moody's	Trade	Settle	Original	YTM	Accrued	Amortized	Market		
Dated Date/Coupon/Maturity	Par	Rating	Rating	Date	Date	at Cost	Interest	Cost	Value		
CUSIP											
Corporate Note											
CATERPILLAR FINL SERVICE NOTE DTD 09/07/2017 1.850% 09/04/2020	14913Q2A6	185,000.00	A	A3	09/05/17	09/07/17	184,844.60	1.88	1,083.79	184,860.60	182,840.31
PACCAR FINANCIAL CORP NOTES DTD 11/13/2017 2.050% 11/13/2020	69371RN85	125,000.00	A+	A1	11/06/17	11/13/17	124,988.75	2.05	341.67	124,989.24	124,048.25
WAL-MART STORES INC CORP NOTE DTD 10/20/2017 1.900% 12/15/2020	931142EA7	250,000.00	AA	Aa2	10/11/17	10/20/17	249,637.50	1.95	936.81	249,660.73	248,389.75
BRANCH BANKING & TRUST (CALLABLE) NOTES DTD 10/26/2017 2.150% 02/01/2021	05531FAZ6	65,000.00	A-	A2	10/23/17	10/26/17	64,970.10	2.17	252.33	64,971.11	64,385.10
PEPSICO INC CORP (CALLABLE) NOTE DTD 10/10/2017 2.000% 04/15/2021	713448DX3	165,000.00	A+	A1	10/05/17	10/10/17	164,967.00	2.01	742.50	164,969.14	163,123.13
BANK OF AMERICA CORP NOTE DTD 04/19/2016 2.625% 04/19/2021	06051GFW4	75,000.00	A-	A3	11/01/17	11/03/17	75,582.00	2.39	393.75	75,555.99	75,382.65
MORGAN STANLEY CORP NOTES DTD 04/21/2016 2.500% 04/21/2021	61746BEA0	250,000.00	BBB+	A3	11/01/17	11/03/17	250,810.00	2.40	1,215.28	250,774.04	249,581.50
BANK OF NEW YORK MELLON (CALLABLE) NOTES DTD 05/02/2016 2.050% 05/03/2021	06406FAB9	250,000.00	A	A1	05/17/16	05/20/16	250,532.50	2.00	825.69	250,362.96	246,962.00
AMERICAN EXPRESS CREDIT (CALLABLE) NOTES DTD 05/05/2016 2.250% 05/05/2021	0258M0EB1	150,000.00	A-	A2	05/25/16	05/31/16	149,721.00	2.29	525.00	149,808.11	148,816.35
BRANCH BANKING & TRUST (CALLABLE) NOTE DTD 05/10/2016 2.050% 05/10/2021	05531FAV5	125,000.00	A-	A2	05/10/16	05/16/16	124,917.50	2.06	363.02	124,943.63	123,215.00
STATE STREET CORP NOTES DTD 05/19/2016 1.950% 05/19/2021	857477AV5	70,000.00	A	A1	05/19/16	05/24/16	69,735.40	2.03	159.25	69,817.65	68,989.62
BANK OF AMERICA CORP (CALLABLE) DTD 09/18/2017 2.328% 10/01/2021	06051GGS2	175,000.00	A-	A3	09/13/17	09/18/17	175,000.00	2.33	1,165.62	175,000.00	174,506.68



Managed Account Detail of Securities Held

For the Month Ending **December 31, 2017**

EMPLOYMENT RISK MANAGEMENT AUTHORITY - ERMA - 596-00 - (12510475)

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
JOHN DEERE CAPITAL CORP NOTES DTD 01/06/2017 2.650% 01/06/2022	24422ETL3	225,000.00	A	A2	03/10/17	03/15/17	224,007.75	2.75	2,898.44	224,166.92	226,310.18
Security Type Sub-Total		5,815,000.00					5,832,986.40	1.98	27,477.09	5,824,994.16	5,800,597.93
Commercial Paper											
BANK OF TOKYO MITS UFJ LTD COMM PAPER DTD 10/24/2017 0.000% 07/20/2018	06538CGL9	500,000.00	A-1	P-1	10/23/17	10/24/17	493,872.78	1.66	0.00	495,444.44	494,851.50
Security Type Sub-Total		500,000.00					493,872.78	1.66	0.00	495,444.44	494,851.50
Certificate of Deposit											
ROYAL BANK OF CANADA NY CD DTD 03/15/2016 1.700% 03/09/2018	78009NZZ2	500,000.00	A-1+	P-1	03/11/16	03/15/16	500,000.00	1.69	2,644.44	500,000.00	499,998.00
CANADIAN IMPERIAL BANK NY CD DTD 12/05/2016 1.760% 11/30/2018	13606A5Z7	500,000.00	A-1	P-1	12/01/16	12/05/16	499,610.00	1.78	757.78	499,820.87	498,944.50
NORDEA BANK FINLAND NY CD DTD 12/05/2016 1.760% 11/30/2018	65558LWA6	500,000.00	A-1+	P-1	12/01/16	12/05/16	500,000.00	1.74	782.22	500,000.00	500,310.00
SVENSKA HANDELSBANKEN NY LT CD DTD 01/12/2017 1.890% 01/10/2019	86958JHB8	500,000.00	AA-	Aa2	01/10/17	01/12/17	500,000.00	1.91	4,593.75	500,000.00	497,789.50
BANK OF MONTREAL CHICAGO CERT DEPOS DTD 02/09/2017 1.880% 02/07/2019	06427KRC3	500,000.00	A+	A1	02/08/17	02/09/17	500,000.00	1.90	3,760.00	500,000.00	500,618.50
BANK OF NOVA SCOTIA HOUSTON LT CD DTD 04/06/2017 1.910% 04/05/2019	06417GUE6	500,000.00	A+	A1	04/05/17	04/06/17	500,000.00	1.91	2,334.44	500,000.00	498,190.00
SUMITOMO MITSUI BANK NY CD DTD 05/04/2017 2.050% 05/03/2019	86563YVNO	500,000.00	A	A1	05/03/17	05/04/17	500,000.00	2.05	1,679.86	500,000.00	499,658.00
SKANDINAV ENSKILDA BANKEN NY CD DTD 08/04/2017 1.840% 08/02/2019	83050FXT3	500,000.00	A+	Aa3	08/03/17	08/04/17	499,805.00	1.85	3,833.33	499,845.18	493,579.78
BANK TOKYO MITSUBISHI UFJ LTD LT CD DTD 09/27/2017 2.070% 09/25/2019	06539RGM3	250,000.00	A+	A1	09/25/17	09/27/17	250,000.00	2.07	1,380.00	250,000.00	248,830.25



Managed Account Detail of Securities Held

For the Month Ending **December 31, 2017**

EMPLOYMENT RISK MANAGEMENT AUTHORITY - ERMA - 596-00 - (12510475)

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Certificate of Deposit												
WESTPAC BANKING CORP NY CD	08/07/2017 2.050% 08/03/2020	96121T4A3	450,000.00	AA-	Aa3	08/03/17	08/07/17	450,000.00	2.05	3,690.00	450,000.00	449,253.00
SWEDBANK (NEW YORK) CERT DEPOS	11/17/2017 2.270% 11/16/2020	87019U6D6	500,000.00	AA-	Aa3	11/16/17	11/17/17	500,000.00	2.30	1,418.75	500,000.00	497,299.00

Security Type Sub-Total **5,200,000.00** **5,199,415.00** **1.92** **26,874.57** **5,199,666.05** **5,184,470.53**

Asset-Backed Security / Collateralized Mortgage Obligation												
CARMAX ABS 2016-4 A2	10/26/2016 1.210% 11/15/2019	14312QAB2	97,360.49	NR	Aaa	10/19/16	10/26/16	97,355.21	1.21	52.36	97,357.35	97,156.07
HONDA ABS 2016-1 A3	02/25/2016 1.220% 12/18/2019	43814NAC9	46,197.55	AAA	NR	02/16/16	02/25/16	46,190.98	1.23	20.35	46,194.55	46,025.49
FORD ABS 2015-C A3	09/22/2015 1.410% 02/15/2020	34530YAD5	71,923.31	AAA	Aaa	09/15/15	09/22/15	71,909.31	1.42	45.07	71,917.27	71,792.24
TOYOTA ABS 2016-A A3	03/02/2016 1.250% 03/15/2020	89237KAD5	150,832.22	AAA	Aaa	02/23/16	03/02/16	150,823.66	1.25	83.80	150,828.03	150,254.25
NISSAN ABS 2015-B A3	07/22/2015 1.340% 03/15/2020	65475WAD0	154,076.22	NR	Aaa	07/15/15	07/22/15	154,063.97	1.34	91.76	154,071.16	153,647.93
JOHN DEERE ABS 2016-B A3	07/27/2016 1.250% 06/15/2020	47788NAC2	55,000.00	NR	Aaa	07/19/16	07/27/16	54,995.62	1.25	30.56	54,997.47	54,658.68
FORD ABS 2016-A A3	01/26/2016 1.390% 07/15/2020	34531PAD3	95,528.55	AAA	NR	01/20/16	01/26/16	95,526.52	1.39	59.02	95,527.51	95,214.76
ALLY ABS 2016-3 A3	05/31/2016 1.440% 08/15/2020	02007LAC6	84,471.75	AAA	Aaa	05/24/16	05/31/16	84,463.55	1.44	54.06	84,466.81	84,244.02
HYUNDAI ABS 2016-A A3	03/30/2016 1.560% 09/15/2020	44930UAD8	50,000.00	AAA	Aaa	03/22/16	03/30/16	49,990.30	1.57	34.67	49,994.48	49,854.34
BANK OF AMERICA ABS 2015-A2 A	04/29/2015 1.360% 09/15/2020	05522RCU0	175,000.00	AAA	NR	10/28/15	10/29/15	175,252.93	1.30	105.78	175,144.19	174,811.07
HONDA ABS 2016-4 A3	10/25/2016 1.210% 12/18/2020	43814RAC0	225,000.00	AAA	NR	10/18/16	10/25/16	224,985.40	1.04	98.31	224,990.23	222,737.60



Managed Account Detail of Securities Held

For the Month Ending **December 31, 2017**

EMPLOYMENT RISK MANAGEMENT AUTHORITY - ERMA - 596-00 - (12510475)

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Asset-Backed Security / Collateralized Mortgage Obligation												
CITIBANK ABS 2017-A2 A2 DTD 01/26/2017 1.740% 01/17/2021		17305EGA7	380,000.00	AAA	Aaa	01/19/17	01/26/17	379,927.23	1.75	3,012.13	380,000.00	379,152.26
TOYOTA ABS 2017-A A3 DTD 03/15/2017 1.730% 02/15/2021		89238MAD0	125,000.00	AAA	Aaa	03/07/17	03/15/17	124,985.29	1.74	96.11	124,985.61	124,381.19
HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021		44891EAC3	130,000.00	AAA	Aaa	09/14/16	09/21/16	129,982.50	1.30	74.53	129,987.90	128,618.88
ALLY ABS 2017-1 A3 DTD 01/31/2017 1.700% 06/15/2021		02007PAC7	100,000.00	NR	Aaa	01/24/17	01/31/17	99,991.26	1.70	75.56	99,993.19	99,533.92
FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021		34531EAD8	330,000.00	NR	Aaa	01/18/17	01/25/17	329,998.78	1.67	244.93	329,999.13	327,935.26
ALLY ABS 2017-2 A3 DTD 03/29/2017 1.780% 08/15/2021		02007HAC5	360,000.00	NR	Aaa	03/21/17	03/29/17	359,957.56	1.79	284.80	359,965.25	358,678.94
HAROT 2017-3 A3 DTD 09/29/2017 1.790% 09/18/2021		43814PAC4	65,000.00	AAA	NR	09/25/17	09/29/17	64,992.96	1.94	42.02	64,993.37	64,512.77
Security Type Sub-Total			2,695,390.09					2,695,393.03	1.51	4,505.82	2,695,413.50	2,683,209.67
Managed Account Sub-Total			24,922,762.29					24,966,696.60	1.73	101,356.14	24,950,400.43	24,754,044.50
Money Market Fund												
CAMP Pool			120,378.94	AAAm	NR			120,378.94		0.00	120,378.94	120,378.94
Money Market Sub-Total			120,378.94					120,378.94		0.00	120,378.94	120,378.94
Securities Sub-Total			\$25,043,141.23					\$25,087,075.54	1.73%	\$101,356.14	\$25,070,779.37	\$24,874,423.44
Accrued Interest												\$101,356.14
Total Investments												\$24,975,779.58



Managed Account Security Transactions & Interest

For the Month Ending **December 31, 2017**

EMPLOYMENT RISK MANAGEMENT AUTHORITY - ERMA - 596-00 - (12510475)

Transaction Type					Principal	Accrued		Realized G/L	Realized G/L	Sale
Trade	Settle	Security Description	CUSIP	Par	Proceeds	Interest	Total	Cost	Amort Cost	Method
BUY										
12/04/17	12/06/17	US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	350,000.00	(346,363.28)	(652.62)	(347,015.90)			
Transaction Type Sub-Total				350,000.00	(346,363.28)	(652.62)	(347,015.90)			
INTEREST										
12/01/17	12/25/17	FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AQDO0	132,278.34	0.00	312.56	312.56			
12/01/17	12/25/17	FNMA SERIES 2015-M15 ASQ2 DTD 11/01/2015 1.898% 01/01/2019	3136AQSW1	45,414.68	0.00	71.83	71.83			
12/05/17	12/05/17	HOME DEPOT INC CORP NOTES DTD 06/05/2017 1.800% 06/05/2020	437076BO4	125,000.00	0.00	1,125.00	1,125.00			
12/07/17	12/07/17	CITIGROUP INC CORP NOTES DTD 06/09/2016 2.050% 06/07/2019	172967KS9	100,000.00	0.00	1,025.00	1,025.00			
12/15/17	12/15/17	HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	130,000.00	0.00	139.75	139.75			
12/15/17	12/15/17	JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020	47788NAC2	55,000.00	0.00	57.29	57.29			
12/15/17	12/15/17	TOYOTA ABS 2016-A A3 DTD 03/02/2016 1.250% 03/15/2020	89237KAD5	162,513.33	0.00	169.28	169.28			
12/15/17	12/15/17	ALLY ABS 2017-2 A3 DTD 03/29/2017 1.780% 08/15/2021	02007HAC5	360,000.00	0.00	534.00	534.00			
12/15/17	12/15/17	BANK OF AMERICA ABS 2015-A2 A DTD 04/29/2015 1.360% 09/15/2020	05522RCU0	175,000.00	0.00	198.33	198.33			
12/15/17	12/15/17	HYUNDAI ABS 2016-A A3 DTD 03/30/2016 1.560% 09/15/2020	44930UAD8	50,000.00	0.00	65.00	65.00			
12/15/17	12/15/17	NISSAN ABS 2015-B A3 DTD 07/22/2015 1.340% 03/15/2020	65475WAD0	167,362.88	0.00	186.89	186.89			
12/15/17	12/15/17	FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	330,000.00	0.00	459.25	459.25			
12/15/17	12/15/17	TOYOTA ABS 2017-A A3 DTD 03/15/2017 1.730% 02/15/2021	89238MAD0	125,000.00	0.00	180.21	180.21			
12/15/17	12/15/17	CISCO SYSTEMS INC CORP NOTE DTD 06/17/2015 1.650% 06/15/2018	17275RAU6	450,000.00	0.00	3,712.50	3,712.50			



Managed Account Security Transactions & Interest

For the Month Ending **December 31, 2017**

EMPLOYMENT RISK MANAGEMENT AUTHORITY - ERMA - 596-00 - (12510475)

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
INTEREST										
12/15/17	12/15/17	FORD ABS 2015-C A3 DTD 09/22/2015 1.410% 02/15/2020	34530YAD5	79,907.01	0.00	93.89	93.89			
12/15/17	12/15/17	FORD ABS 2016-A A3 DTD 01/26/2016 1.390% 07/15/2020	34531PAD3	102,715.97	0.00	118.98	118.98			
12/15/17	12/15/17	CARMAX ABS 2016-4 A2 DTD 10/26/2016 1.210% 11/15/2019	14312QAB2	110,736.64	0.00	111.66	111.66			
12/15/17	12/15/17	ALLY ABS 2016-3 A3 DTD 05/31/2016 1.440% 08/15/2020	02007LAC6	90,000.00	0.00	108.00	108.00			
12/15/17	12/15/17	ALLY ABS 2017-1 A3 DTD 01/31/2017 1.700% 06/15/2021	02007PAC7	100,000.00	0.00	141.67	141.67			
12/18/17	12/18/17	HONDA ABS 2016-4 A3 DTD 10/25/2016 1.210% 12/18/2020	43814RAC0	225,000.00	0.00	226.87	226.87			
12/18/17	12/18/17	HONDA ABS 2016-1 A3 DTD 02/25/2016 1.220% 12/18/2019	43814NAC9	50,235.14	0.00	51.07	51.07			
12/18/17	12/18/17	HAROT 2017-3 A3 DTD 09/29/2017 1.790% 09/18/2021	43814PAC4	65,000.00	0.00	96.96	96.96			
12/23/17	12/23/17	JP MORGAN CHASE & CO CORP NT (CALLABLE) DTD 06/23/2015 2.750% 06/23/2020	46625HLW8	250,000.00	0.00	3,437.50	3,437.50			
Transaction Type Sub-Total				3,481,163.99	0.00	12,623.49	12,623.49			

PAYDOWNS										
12/01/17	12/25/17	FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AODQ0	17,757.99	17,757.99	0.00	17,757.99	(177.83)	0.00	
12/01/17	12/25/17	FNMA SERIES 2015-M15 ASQ2 DTD 11/01/2015 1.898% 01/01/2019	3136AOSW1	7,562.83	7,562.83	0.00	7,562.83	(75.63)	0.00	
12/15/17	12/15/17	CARMAX ABS 2016-4 A2 DTD 10/26/2016 1.210% 11/15/2019	14312QAB2	13,376.15	13,376.15	0.00	13,376.15	0.73	0.00	
12/15/17	12/15/17	ALLY ABS 2016-3 A3 DTD 05/31/2016 1.440% 08/15/2020	02007LAC6	5,528.25	5,528.25	0.00	5,528.25	0.54	0.00	
12/15/17	12/15/17	NISSAN ABS 2015-B A3 DTD 07/22/2015 1.340% 03/15/2020	65475WAD0	13,286.66	13,286.66	0.00	13,286.66	1.06	0.00	
12/15/17	12/15/17	FORD ABS 2015-C A3 DTD 09/22/2015 1.410% 02/15/2020	34530YAD5	7,983.70	7,983.70	0.00	7,983.70	1.55	0.00	



Managed Account Security Transactions & Interest

For the Month Ending **December 31, 2017**

EMPLOYMENT RISK MANAGEMENT AUTHORITY - ERMA - 596-00 - (12510475)

Transaction Type					Principal	Accrued		Realized G/L	Realized G/L	Sale
Trade	Settle	Security Description	CUSIP	Par	Proceeds	Interest	Total	Cost	Amort Cost	Method
PAYDOWNS										
12/15/17	12/15/17	TOYOTA ABS 2016-A A3 DTD 03/02/2016 1.250% 03/15/2020	89237KAD5	11,681.11	11,681.11	0.00	11,681.11	0.66	0.00	
12/15/17	12/15/17	FORD ABS 2016-A A3 DTD 01/26/2016 1.390% 07/15/2020	34531PAD3	7,187.42	7,187.42	0.00	7,187.42	0.15	0.00	
12/18/17	12/18/17	HONDA ABS 2016-1 A3 DTD 02/25/2016 1.220% 12/18/2019	43814NAC9	4,037.59	4,037.59	0.00	4,037.59	0.57	0.00	
Transaction Type Sub-Total				88,401.70	88,401.70	0.00	88,401.70	(248.20)	0.00	
SELL										
12/04/17	12/06/17	IBM CORP NOTES DTD 02/06/2015 1.125% 02/06/2018	459200HZ7	200,000.00	199,806.00	750.00	200,556.00	416.00	(159.59)	FIFO
Transaction Type Sub-Total				200,000.00	199,806.00	750.00	200,556.00	416.00	(159.59)	
Managed Account Sub-Total					(58,155.58)	12,720.87	(45,434.71)	167.80	(159.59)	
Total Security Transactions					(\$58,155.58)	\$12,720.87	(\$45,434.71)	\$167.80	(\$159.59)	



Managed Account Security Transactions & Interest

For the Month Ending **November 30, 2017**

EMPLOYMENT RISK MANAGEMENT AUTHORITY - ERMA - 596-00 - (12510475)

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
BUY										
11/01/17	11/03/17	BANK OF AMERICA CORP NOTE DTD 04/19/2016 2.625% 04/19/2021	06051GFW4	75,000.00	(75,582.00)	(76.56)	(75,658.56)			
11/01/17	11/03/17	MORGAN STANLEY CORP NOTES DTD 04/21/2016 2.500% 04/21/2021	61746BEA0	250,000.00	(250,810.00)	(208.33)	(251,018.33)			
11/06/17	11/13/17	PACCAR FINANCIAL CORP NOTES DTD 11/13/2017 2.050% 11/13/2020	69371RN85	125,000.00	(124,988.75)	0.00	(124,988.75)			
11/16/17	11/17/17	SWEDBANK (NEW YORK) CERT DEPOS DTD 11/17/2017 2.270% 11/16/2020	87019U6D6	500,000.00	(500,000.00)	0.00	(500,000.00)			

Transaction Type Sub-Total **950,000.00** **(951,380.75)** **(284.89)** **(951,665.64)**

INTEREST										
11/01/17	11/25/17	FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AQDQ0	159,256.64	0.00	249.19	249.19			
11/01/17	11/25/17	FNMA SERIES 2015-M15 ASQ2 DTD 11/01/2015 1.898% 01/01/2019	3136AOSW1	66,000.64	0.00	114.29	114.29			
11/03/17	11/03/17	BANK OF NEW YORK MELLON (CALLABLE) NOTES DTD 05/02/2016 2.050% 05/03/2021	06406FAB9	250,000.00	0.00	2,562.50	2,562.50			
11/03/17	11/03/17	SUMITOMO MITSUI BANK NY CD DTD 05/04/2017 2.050% 05/03/2019	86563YVNO	500,000.00	0.00	5,210.42	5,210.42			
11/05/17	11/05/17	AMERICAN EXPRESS CREDIT (CALLABLE) NOTES DTD 05/05/2016 2.250% 05/05/2021	0258M0EB1	150,000.00	0.00	1,687.50	1,687.50			
11/09/17	11/09/17	INTER-AMERICAN DEVELOPMENT BANK DTD 11/08/2013 2.125% 11/09/2020	4581X0CD8	500,000.00	0.00	5,312.50	5,312.50			
11/10/17	11/10/17	BRANCH BANKING & TRUST (CALLABLE) NOTE DTD 05/10/2016 2.050% 05/10/2021	05531FAV5	125,000.00	0.00	1,281.25	1,281.25			
11/11/17	11/11/17	APPLE INC BONDS DTD 05/11/2017 1.800% 05/11/2020	037833CS7	200,000.00	0.00	1,800.00	1,800.00			
11/12/17	11/12/17	INTER-AMERICAN DEVEL BK NOTE DTD 04/12/2017 1.625% 05/12/2020	4581X0CX4	400,000.00	0.00	3,792.00	3,792.00			
11/13/17	11/13/17	INTER-AMERICAN DEVELOPMENT BANK DTD 04/12/2016 1.000% 05/13/2019	458182DX7	350,000.00	0.00	1,750.00	1,750.00			



Managed Account Security Transactions & Interest

For the Month Ending **November 30, 2017**

EMPLOYMENT RISK MANAGEMENT AUTHORITY - ERMA - 596-00 - (12510475)

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
INTEREST										
11/15/17	11/15/17	HYUNDAI ABS 2016-A A3 DTD 03/30/2016 1.560% 09/15/2020	44930UAD8	50,000.00	0.00	65.00	65.00			
11/15/17	11/15/17	CARMAX ABS 2016-4 A2 DTD 10/26/2016 1.210% 11/15/2019	14312OAB2	125,005.32	0.00	126.05	126.05			
11/15/17	11/15/17	FHLB NOTES DTD 11/17/2016 1.375% 11/15/2019	3130AA3R7	700,000.00	0.00	4,812.50	4,812.50			
11/15/17	11/15/17	FORD ABS 2015-C A3 DTD 09/22/2015 1.410% 02/15/2020	34530YAD5	88,112.78	0.00	103.53	103.53			
11/15/17	11/15/17	JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020	47788NAC2	55,000.00	0.00	57.29	57.29			
11/15/17	11/15/17	TOYOTA ABS 2016-A A3 DTD 03/02/2016 1.250% 03/15/2020	89237KAD5	175,152.92	0.00	182.45	182.45			
11/15/17	11/15/17	ALLY ABS 2017-1 A3 DTD 01/31/2017 1.700% 06/15/2021	02007PAC7	100,000.00	0.00	141.67	141.67			
11/15/17	11/15/17	BANK OF AMERICA ABS 2015-A2 A DTD 04/29/2015 1.360% 09/15/2020	05522RCU0	175,000.00	0.00	198.33	198.33			
11/15/17	11/15/17	US TREASURY NOTES DTD 11/15/2010 2.625% 11/15/2020	912828PC8	35,000.00	0.00	459.38	459.38			
11/15/17	11/15/17	ALLY ABS 2017-2 A3 DTD 03/29/2017 1.780% 08/15/2021	02007HAC5	360,000.00	0.00	534.00	534.00			
11/15/17	11/15/17	FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	330,000.00	0.00	459.25	459.25			
11/15/17	11/15/17	HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	130,000.00	0.00	139.75	139.75			
11/15/17	11/15/17	ALLY ABS 2016-3 A3 DTD 05/31/2016 1.440% 08/15/2020	02007LAC6	90,000.00	0.00	108.00	108.00			
11/15/17	11/15/17	FORD ABS 2016-A A3 DTD 01/26/2016 1.390% 07/15/2020	34531PAD3	110,000.00	0.00	127.42	127.42			
11/15/17	11/15/17	NISSAN ABS 2015-B A3 DTD 07/22/2015 1.340% 03/15/2020	65475WAD0	181,694.99	0.00	202.89	202.89			
11/15/17	11/15/17	TOYOTA ABS 2017-A A3 DTD 03/15/2017 1.730% 02/15/2021	89238MAD0	125,000.00	0.00	180.21	180.21			



Managed Account Security Transactions & Interest

For the Month Ending **November 30, 2017**

EMPLOYMENT RISK MANAGEMENT AUTHORITY - ERMA - 596-00 - (12510475)

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
INTEREST											
	11/17/17	11/17/17	HSBC BANK USA NA FLOATING CERT DEPOS DTD 11/18/2015 1.904% 11/17/2017	40428AR41	500,000.00	0.00	2,433.11	2,433.11			
	11/18/17	11/18/17	HONDA ABS 2016-4 A3 DTD 10/25/2016 1.210% 12/18/2020	43814RAC0	225,000.00	0.00	226.87	226.87			
	11/18/17	11/18/17	HAROT 2017-3 A3 DTD 09/29/2017 1.790% 09/18/2021	43814PAC4	65,000.00	0.00	96.96	96.96			
	11/18/17	11/18/17	HONDA ABS 2016-1 A3 DTD 02/25/2016 1.220% 12/18/2019	43814NAC9	54,430.93	0.00	55.34	55.34			
	11/19/17	11/19/17	STATE STREET CORP NOTES DTD 05/19/2016 1.950% 05/19/2021	857477AV5	70,000.00	0.00	682.50	682.50			
	11/22/17	11/22/17	BANK OF NEW YORK MELLON CORP (CALLABLE) DTD 05/29/2015 1.600% 05/22/2018	06406HDB2	275,000.00	0.00	2,200.00	2,200.00			
	11/28/17	11/28/17	FEDERAL HOME LOAN BANK AGENCY NOTES DTD 05/12/2017 1.375% 05/28/2019	3130ABF92	100,000.00	0.00	748.61	748.61			
	11/30/17	11/30/17	NORDEA BANK FINLAND NY CD DTD 12/05/2016 1.760% 11/30/2018	65558LWA6	500,000.00	0.00	4,497.78	4,497.78			
	11/30/17	11/30/17	US TREASURY NOTES DTD 05/31/2016 1.375% 05/31/2021	912828R77	750,000.00	0.00	5,156.25	5,156.25			
	11/30/17	11/30/17	US TREASURY NOTES DTD 06/02/2014 2.000% 05/31/2021	912828WN6	850,000.00	0.00	8,500.00	8,500.00			
	11/30/17	11/30/17	CANADIAN IMPERIAL BANK NY CD DTD 12/05/2016 1.760% 11/30/2018	13606A5Z7	500,000.00	0.00	4,400.00	4,400.00			
Transaction Type Sub-Total					9,419,654.22	0.00	60,654.79	60,654.79			

MATURITY											
	11/17/17	11/17/17	HSBC BANK USA NA FLOATING CERT DEPOS DTD 11/18/2015 1.904% 11/17/2017	40428AR41	500,000.00	500,000.00	0.00	500,000.00	0.00	0.00	
Transaction Type Sub-Total					500,000.00	500,000.00	0.00	500,000.00	0.00	0.00	



Managed Account Security Transactions & Interest

For the Month Ending **November 30, 2017**

EMPLOYMENT RISK MANAGEMENT AUTHORITY - ERMA - 596-00 - (12510475)

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
PAYDOWNS										
11/01/17	11/25/17	FNMA SERIES 2015-M15 ASQ2 DTD 11/01/2015 1.898% 01/01/2019	3136AQSW1	20,585.96	20,585.96	0.00	20,585.96	(205.86)	0.00	
11/01/17	11/25/17	FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AODO0	26,978.30	26,978.30	0.00	26,978.30	(270.16)	0.00	
11/15/17	11/15/17	FORD ABS 2016-A A3 DTD 01/26/2016 1.390% 07/15/2020	34531PAD3	7,284.03	7,284.03	0.00	7,284.03	0.15	0.00	
11/15/17	11/15/17	TOYOTA ABS 2016-A A3 DTD 03/02/2016 1.250% 03/15/2020	89237KAD5	12,639.59	12,639.59	0.00	12,639.59	0.72	0.00	
11/15/17	11/15/17	NISSAN ABS 2015-B A3 DTD 07/22/2015 1.340% 03/15/2020	65475WAD0	14,332.11	14,332.11	0.00	14,332.11	1.14	0.00	
11/15/17	11/15/17	FORD ABS 2015-C A3 DTD 09/22/2015 1.410% 02/15/2020	34530YAD5	8,205.77	8,205.77	0.00	8,205.77	1.60	0.00	
11/15/17	11/15/17	CARMAX ABS 2016-4 A2 DTD 10/26/2016 1.210% 11/15/2019	14312OAB2	14,268.68	14,268.68	0.00	14,268.68	0.77	0.00	
11/18/17	11/18/17	HONDA ABS 2016-1 A3 DTD 02/25/2016 1.220% 12/18/2019	43814NAC9	4,195.79	4,195.79	0.00	4,195.79	0.60	0.00	
Transaction Type Sub-Total				108,490.23	108,490.23	0.00	108,490.23	(471.04)	0.00	
SELL										
11/01/17	11/03/17	FNMA BENCHMARK NOTE DTD 02/23/2016 1.000% 02/26/2019	3135G0J53	235,000.00	233,265.70	437.36	233,703.06	(2,328.85)	(2,042.40)	FIFO
11/02/17	11/03/17	FREDDIE MAC NOTES DTD 03/21/2016 1.125% 04/15/2019	3137EADZ9	75,000.00	74,514.00	42.19	74,556.19	(937.50)	(732.94)	FIFO
11/06/17	11/13/17	FHLMC AGENCY NOTES DTD 04/20/2017 1.375% 04/20/2020	3137EAEF2	125,000.00	123,888.75	109.81	123,998.56	(683.75)	(762.69)	FIFO
Transaction Type Sub-Total				435,000.00	431,668.45	589.36	432,257.81	(3,950.10)	(3,538.03)	
Managed Account Sub-Total					88,777.93	60,959.26	149,737.19	(4,421.14)	(3,538.03)	
Total Security Transactions					\$88,777.93	\$60,959.26	\$149,737.19	(\$4,421.14)	(\$3,538.03)	



Managed Account Security Transactions & Interest

For the Month Ending **October 31, 2017**

EMPLOYMENT RISK MANAGEMENT AUTHORITY - ERMA - 596-00 - (12510475)

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
BUY										
10/02/17	10/10/17	INTER-AMERICAN DEVELOPMENT BANK DTD 11/08/2013 2.125% 11/09/2020	4581X0CD8	500,000.00	(504,634.55)	(4,456.60)	(509,091.15)			
10/05/17	10/10/17	PEPSICO INC CORP NOTE DTD 10/10/2017 2.000% 04/15/2021	713448DX3	165,000.00	(164,967.00)	0.00	(164,967.00)			
10/11/17	10/20/17	WAL-MART STORES INC CORP NOTE DTD 10/20/2017 1.900% 12/15/2020	931142EA7	250,000.00	(249,637.50)	0.00	(249,637.50)			
10/23/17	10/24/17	BANK OF TOKYO MITS UFJ LTD COMM PAPER DTD 10/24/2017 0.000% 07/20/2018	06538CGL9	500,000.00	(493,872.78)	0.00	(493,872.78)			
10/23/17	10/26/17	BRANCH BANKING & TRUST CORP NOTES DTD 10/26/2017 2.150% 02/01/2021	05531FAZ6	65,000.00	(64,970.10)	0.00	(64,970.10)			
Transaction Type Sub-Total				1,480,000.00	(1,478,081.93)	(4,456.60)	(1,482,538.53)			

INTEREST										
10/01/17	10/01/17	MS ST TXBL GO BONDS DTD 02/18/2015 1.090% 10/01/2017	605581EQ6	40,000.00	0.00	218.00	218.00			
10/01/17	10/01/17	BURLINGTON NRTH CORP DTD 09/24/2009 4.700% 10/01/2019	12189TBC7	125,000.00	0.00	2,937.50	2,937.50			
10/01/17	10/25/17	FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AQDO0	170,834.34	0.00	298.79	298.79			
10/01/17	10/25/17	FNMA SERIES 2015-M15 ASQ2 DTD 11/01/2015 1.898% 01/01/2019	3136AOSW1	69,219.39	0.00	109.49	109.49			
10/05/17	10/05/17	BANK OF NOVA SCOTIA HOUSTON LT CD DTD 04/06/2017 1.910% 04/05/2019	06417GUE6	500,000.00	0.00	4,828.06	4,828.06			
10/15/17	10/15/17	HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	130,000.00	0.00	139.75	139.75			
10/15/17	10/15/17	BANK OF AMERICA ABS 2015-A2 A DTD 04/29/2015 1.360% 09/15/2020	05522RCU0	175,000.00	0.00	198.33	198.33			
10/15/17	10/15/17	CARMAX ABS 2016-4 A2 DTD 10/26/2016 1.210% 11/15/2019	14312QAB2	139,119.26	0.00	140.28	140.28			
10/15/17	10/15/17	FORD ABS 2015-C A3 DTD 09/22/2015 1.410% 02/15/2020	34530YAD5	96,412.30	0.00	113.28	113.28			



Managed Account Security Transactions & Interest

For the Month Ending **October 31, 2017**

EMPLOYMENT RISK MANAGEMENT AUTHORITY - ERMA - 596-00 - (12510475)

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
INTEREST										
10/15/17	10/15/17	FORD ABS 2016-A A3 DTD 01/26/2016 1.390% 07/15/2020	34531PAD3	110,000.00	0.00	127.42	127.42			
10/15/17	10/15/17	ALLY ABS 2017-2 A3 DTD 03/29/2017 1.780% 08/15/2021	02007HAC5	360,000.00	0.00	534.00	534.00			
10/15/17	10/15/17	FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	330,000.00	0.00	459.25	459.25			
10/15/17	10/15/17	TOYOTA ABS 2017-A A3 DTD 03/15/2017 1.730% 02/15/2021	89238MAD0	125,000.00	0.00	180.21	180.21			
10/15/17	10/15/17	HYUNDAI ABS 2016-A A3 DTD 03/30/2016 1.560% 09/15/2020	44930UAD8	50,000.00	0.00	65.00	65.00			
10/15/17	10/15/17	NISSAN ABS 2015-B A3 DTD 07/22/2015 1.340% 03/15/2020	65475WAD0	195,920.34	0.00	218.78	218.78			
10/15/17	10/15/17	ALLY ABS 2016-3 A3 DTD 05/31/2016 1.440% 08/15/2020	02007LAC6	90,000.00	0.00	108.00	108.00			
10/15/17	10/15/17	ALLY ABS 2017-1 A3 DTD 01/31/2017 1.700% 06/15/2021	02007PAC7	100,000.00	0.00	141.67	141.67			
10/15/17	10/15/17	FREDDIE MAC NOTES DTD 03/21/2016 1.125% 04/15/2019	3137EADZ9	225,000.00	0.00	1,265.63	1,265.63			
10/15/17	10/15/17	JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020	47788NAC2	55,000.00	0.00	57.29	57.29			
10/15/17	10/15/17	TOYOTA ABS 2016-A A3 DTD 03/02/2016 1.250% 03/15/2020	89237KAD5	180,000.00	0.00	187.50	187.50			
10/17/17	10/17/17	TOYOTA MOTOR CREDIT CORP (CALLABLE) DTD 04/17/2017 1.950% 04/17/2020	89236TDU6	350,000.00	0.00	3,412.50	3,412.50			
10/18/17	10/18/17	HONDA ABS 2016-1 A3 DTD 02/25/2016 1.220% 12/18/2019	43814NAC9	58,813.29	0.00	59.79	59.79			
10/18/17	10/18/17	HAROT 2017-3 A3 DTD 09/29/2017 1.790% 09/18/2021	43814PAC4	65,000.00	0.00	61.41	61.41			
10/18/17	10/18/17	HONDA ABS 2016-4 A3 DTD 10/25/2016 1.210% 12/18/2020	43814RAC0	225,000.00	0.00	226.87	226.87			
10/20/17	10/20/17	FHLMC AGENCY NOTES DTD 04/20/2017 1.375% 04/20/2020	3137EAEF2	125,000.00	0.00	859.38	859.38			



Managed Account Security Transactions & Interest

For the Month Ending **October 31, 2017**

EMPLOYMENT RISK MANAGEMENT AUTHORITY - ERMA - 596-00 - (12510475)

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
INTEREST										
10/22/17	10/22/17	WELLS FARGO & COMPANY CORP NOTE DTD 04/22/2014 2.125% 04/22/2019	94974BFU9	250,000.00	0.00	2,656.25	2,656.25			
10/25/17	10/25/17	GOLDMAN SACHS GRP INC CORP NT (CALLABLE) DTD 04/25/2016 2.000% 04/25/2019	38141GVT8	35,000.00	0.00	350.00	350.00			
10/25/17	10/25/17	GOLDMAN SACHS GRP INC CORP NT (CALLABLE) DTD 04/25/2016 2.000% 04/25/2019	38141GVT8	200,000.00	0.00	2,000.00	2,000.00			
10/31/17	10/31/17	US TREASURY NOTES DTD 05/02/2016 1.375% 04/30/2021	912828O78	225,000.00	0.00	1,546.88	1,546.88			
10/31/17	10/31/17	US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	550,000.00	0.00	3,437.50	3,437.50			
Transaction Type Sub-Total				5,350,318.92	0.00	26,938.81	26,938.81			
MATURITY										
10/01/17	10/01/17	MS ST TXBL GO BONDS DTD 02/18/2015 1.090% 10/01/2017	605581EQ6	40,000.00	40,000.00	0.00	40,000.00	0.00	0.00	
10/23/17	10/23/17	BANK OF TOKYO MITSUBISHI UFJ LTD COMM PA DTD 04/21/2017 0.000% 10/23/2017	06538BXP3	500,000.00	500,000.00	0.00	500,000.00	3,494.44	0.00	
Transaction Type Sub-Total				540,000.00	540,000.00	0.00	540,000.00	3,494.44	0.00	
PAYDOWNS										
10/01/17	10/25/17	FNMA SERIES 2015-M15 ASQ2 DTD 11/01/2015 1.898% 01/01/2019	3136AOSW1	3,218.75	3,218.75	0.00	3,218.75	(32.19)	0.00	
10/01/17	10/25/17	FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AODO0	11,577.70	11,577.70	0.00	11,577.70	(115.94)	0.00	
10/15/17	10/15/17	CARMAX ABS 2016-4 A2 DTD 10/26/2016 1.210% 11/15/2019	14312QAB2	14,113.94	14,113.94	0.00	14,113.94	0.76	0.00	
10/15/17	10/15/17	TOYOTA ABS 2016-A A3 DTD 03/02/2016 1.250% 03/15/2020	89237KAD5	4,847.08	4,847.08	0.00	4,847.08	0.27	0.00	
10/15/17	10/15/17	NISSAN ABS 2015-B A3 DTD 07/22/2015 1.340% 03/15/2020	65475WAD0	14,225.36	14,225.36	0.00	14,225.36	1.13	0.00	



Managed Account Security Transactions & Interest

For the Month Ending **October 31, 2017**

EMPLOYMENT RISK MANAGEMENT AUTHORITY - ERMA - 596-00 - (12510475)

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
PAYDOWNS										
10/15/17	10/15/17	FORD ABS 2015-C A3 DTD 09/22/2015 1.410% 02/15/2020	34530YAD5	8,299.52	8,299.52	0.00	8,299.52	1.61	0.00	
10/18/17	10/18/17	HONDA ABS 2016-1 A3 DTD 02/25/2016 1.220% 12/18/2019	43814NAC9	4,382.36	4,382.36	0.00	4,382.36	0.62	0.00	
Transaction Type Sub-Total				60,664.71	60,664.71	0.00	60,664.71	(143.74)	0.00	
SELL										
10/02/17	10/10/17	FNMA NOTES DTD 09/02/2016 1.000% 08/28/2019	3135G0P49	450,000.00	445,513.50	525.00	446,038.50	(3,784.50)	(4,041.57)	FIFO
10/05/17	10/10/17	US TREASURY NOTES DTD 11/15/2010 2.625% 11/15/2020	912828PC8	165,000.00	169,743.75	1,741.92	171,485.67	(5,491.41)	(2,323.57)	FIFO
10/11/17	10/20/17	US TREASURY NOTES DTD 05/02/2016 1.375% 04/30/2021	912828Q78	200,000.00	197,265.63	1,292.80	198,558.43	1,234.38	532.33	FIFO
10/23/17	10/26/17	FNMA BENCHMARK NOTE DTD 02/23/2016 1.000% 02/26/2019	3135G0J53	50,000.00	49,648.50	83.33	49,731.83	(478.00)	(418.02)	FIFO
Transaction Type Sub-Total				865,000.00	862,171.38	3,643.05	865,814.43	(8,519.53)	(6,250.83)	
Managed Account Sub-Total					(15,245.84)	26,125.26	10,879.42	(5,168.83)	(6,250.83)	
Total Security Transactions					(\$15,245.84)	\$26,125.26	\$10,879.42	(\$5,168.83)	(\$6,250.83)	

EMPLOYMENT RISK MANAGEMENT AUTHORITY
~ INCOME STATEMENT ~
For the Year Ended June 30, 2017
(Unaudited)

	<u>Actual</u>	<u>Budget</u>	<u>% Used</u>	<u>\$ Variance</u>
INCOME				
Deposit Premium	\$ 6,056,615	\$ 6,056,618	100%	\$ (3)
Prior Year Deposit Premium	(518)			(518)
Excess Insurance Premium	219,700	219,698	100%	2
Capital Fund Contribution	150,000			150,000
Interest Income	116,818			116,818
Miscellaneous Income	2,580			2,580
TOTAL INCOME	<u>6,545,195</u>	<u>6,276,316</u>	<u>104%</u>	<u>268,879</u>
EXPENSES				
Direct Expenses				
Claims Paid	\$ 2,570,593 **	\$ 5,147,908 *	62%	(1,946,932)
Incr/(Decr) in Reserves	630,383 **			
Excess Insurance	219,698	219,698	100%	0
Subtotal Claims Expense	3,420,674	5,367,606	64%	(1,946,932)
Loss Prevention & Training				
Employee Reporting	8,651	8,500	102%	151
Web-based Training / Training Bulletins	24,000	24,000	100%	0
Additional Web-based Training	12,000	12,000	100%	0
Hotline Services & Miscellaneous	4,936	7,000	71%	(2,064)
Miscellaneous Training Expenses	5,287	5,000	106%	287
Attorney Workshops	27,950	17,200	163%	10,750
Training Workshops	12,900	30,100	43%	(17,200)
Capital Fund Expenditures				
Development/ Delivery of Survey/ Results	15,000			15,000
Subtotal Loss Prevention & Training	110,724	103,800	107%	6,924
Subtotal Direct Expenses	3,531,398	5,471,406	65%	(1,940,008)
General & Administrative Expenses				
Program Management	669,060	669,060	100%	0
Risk Assessments	4,457	5,000	89%	(543)
Board Meetings & Retreat	24,498	30,000	82%	(5,502)
Memberships & Conferences	450	1,500	30%	(1,050)
Actuarial Study	9,950	9,950	100%	0
Legal Services	40,350	30,000	134%	10,350
Financial Audit	9,200	9,200	100%	0
Claims Audit	5,900	5,900	100%	0
Accreditation	1,418	1,500	95%	(83)
Fidelity Bond	1,139	1,200	95%	(61)
SLIP Insurance	2,464	2,500	99%	(36)
Investment Management Services	26,891	30,000	90%	(3,109)
Claims System	5,000	5,000	100%	0
Website	600	600	100%	0
Miscellaneous	4,209	3,500	120%	709
Subtotal General & Admin Expenses	805,586	804,910	100%	676
Dividend Expense - Return of Equity	3,000,000	0		3,000,000
TOTAL EXPENSES	<u>7,336,983</u>	<u>6,276,316</u>	<u>117%</u>	<u>1,060,667</u>
NET INCOME/(LOSS)	<u>\$ (791,789)</u>	<u>\$ -</u>		

* Amount budgeted for claims expense is for the current program year only, to be paid in current and future years.

** Amount paid for claims is for all program years paid in the current year, as well as changes in reserves for prior years.

EMPLOYMENT RISK MANAGEMENT AUTHORITY
~ BALANCE SHEET ~
As of December 31, 2017
(Unaudited)

ASSETS

CURRENT ASSETS

Cash in Bank	\$	10,973	
Local Agency Investment Fund		5,234,936	
Market Valuation - LAIF		(9,980)	
Investments - Managed Portfolio		3,293,258	
Market Valuation - Investments		250	
Interest Receivable		118,490	
Prepaid Expense		193,523	
Prepaid Insurance		120,283	
TOTAL CURRENT ASSETS			8,961,733

NONCURRENT ASSETS

Investments - Managed Portfolio		21,793,818	
Market Valuation - Investments		(212,902)	
TOTAL NONCURRENT ASSETS			21,580,915

TOTAL ASSETS			\$ 30,542,648
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LIABILITIES AND EQUITY

CURRENT LIABILITIES

Accounts Payable	\$	17,417	
Unearned Revenue		3,328,025	
Reserve - Claims		3,045,488	
Reserve - IBNR & ULAE		340,516	
TOTAL CURRENT LIABILITIES			6,731,446

NONCURRENT LIABILITIES

Reserve for Claims			
Reserve - IBNR & ULAE		9,150,299	
TOTAL NONCURRENT LIABILITIES			9,150,299

TOTAL LIABILITIES			15,881,745
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EQUITY

Retained Earnings - Prior Years	\$	13,012,571	
Retained Earnings - Capital Fund		847,656	
Retained Earnings - Current Year		800,677	

TOTAL EQUITY			14,660,903
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TOTAL LIABILITIES AND EQUITY			\$ 30,542,648
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EMPLOYMENT RISK MANAGEMENT AUTHORITY

~ INCOME STATEMENT ~

For the Second Quarter Ended December 31, 2017

(Unaudited)

	Actual	Budget	% Used	\$ Variance
INCOME				
Deposit Premium	\$ 3,210,177	\$ 6,387,468	50%	\$ (3,177,292)
Prior Year Deposit Premium	112,167			112,167
Excess Insurance Premium	117,848	235,697	50%	(117,849)
Interest Income	77,715			77,715
TOTAL INCOME	3,517,907	6,623,164	53%	(3,105,257)
EXPENSES				
Direct Expenses				
Claims Paid	\$ 1,424,925 **	\$ 5,466,618 *	38%	(3,374,686)
Incr/(Decr) in Reserves	667,007 **			
Excess Insurance	117,849	235,697	50%	(117,849)
Subtotal Claims Expense	2,209,780	5,702,315	39%	(3,492,535)
Loss Prevention & Training				
Employee Reporting	4,830	8,500	57% +	(3,670)
Web-based Training / Training Bulletins	12,000	24,000	50%	(12,000)
Additional Web-based Training	6,000	12,000	50%	(6,000)
Hotline Services	0	7,000	0%	(7,000)
Miscellaneous Training Expenses	1,067	6,000	18%	(4,933)
Attorney Workshops	12,900	17,200	75% +	(4,300)
Training Workshops	8,600	30,100	29% +	(21,500)
Capital Fund Expenditures				
Development/ Delivery of Survey/ Results	48,368			48,368
Subtotal Loss Prevention & Training	93,765	104,800	89%	(11,035)
Subtotal Direct Expenses	2,303,545	5,807,115	40%	(3,503,570)
General & Administrative Expenses				
Program Management	339,475	678,949	50%	(339,475)
Risk Assessments	4,679	5,000	94% +	(321)
Board Meetings & Retreat	1,290	30,000	4%	(28,710)
Memberships & Conferences	450	1,500	30%	(1,050)
Actuarial Study	0	9,950	0%	(9,950)
Legal Services	26,589	30,000	89% +	(3,411)
Financial Audit	9,450	9,450	100%	0
Accreditation	1,417	1,500	94%	(83)
Fidelity Bond	570	1,200	47%	(631)
SLIP Insurance	1,242	2,500	50%	(1,258)
Investment Management Services	13,931	30,000	46%	(16,069)
Claims System	5,000	5,000	100%	0
Website	7,500	7,500	100%	0
Miscellaneous	2,095	3,500	60% +	(1,405)
Subtotal General & Admin Expenses	413,685	816,049	51%	(402,364)
TOTAL EXPENSES	2,717,230	6,623,164	41%	(3,905,934)
NET INCOME/(LOSS)	\$ 800,677	\$ -		

* Amount budgeted for claims expense is for the current program year only, to be paid in current and future years.

** Amount paid for claims is for all program years paid in the current year, as well as changes in reserves for prior years.

+ See attached "Report of Line Items Expected to Exceed Budgeted Amount"

EMPLOYMENT RISK MANAGEMENT AUTHORITY
~ INCOME STATEMENT ADDENDUM ~
Report of Line Items Expected to Exceed Budgeted Amount
For the Second Quarter Ended December 31, 2017

	<u>Actual</u>	<u>Budget</u>	<u>% Used</u>	<u>\$ Variance</u>
Loss Prevention & Training				
+ <u>Employee Reporting</u>	4,830	8,500	57%	(3,670)
	<i>Annual invoice from in2vate increased over prior year due to increased FTE's (28,900 to 33,200) used in the calculation.</i>			
<hr/>				
+ <u>Attorney Workshops</u>	12,900	17,200	75%	(4,300)
<u>Training Workshops</u>	8,600	30,100	29%	(21,500)
	<i>Attorney and training workshops are budgeted separately but are scheduled according to request. It is not expected that we will exceed the budgeted amount for the two line items combined.</i>			
<hr/>				
General & Administrative Expenses				
+ <u>Risk Assessments</u>				
	4,679	5,000	94%	(321)
	<i>\$5,000 has been sufficient the past several years in this line item, as only two cities had risk assessments. This year, however, four assessments are being conducted. An additional \$7,600 is anticipated.</i>			
<hr/>				
+ <u>Legal Services</u>	26,589	30,000	89%	(3,411)
	<i>The expense for Legal Services has increased the past three years from prior years'; from \$25,000 in 2014/15 to \$46,000 in 2015/16 and \$40,000 in 2016/17. Increased usage of attorney's time for coverage opinions due to the nature of current claims is the main driver in the increase. In addition, the current year expense includes an arbitration with a withdrawn member city in the amount of \$6,460, which is an out-of-the ordinary occurrence.</i>			
<hr/>				
+ <u>Miscellaneous</u>	2,095	3,500	60%	(1,405)
	<i>This line items is primarily bank fees, and it is possible that we will exceed the budget a bit, depending on type and amount of usage as the year continues.</i>			
<hr/>				

Employment Risk Management Authority
Program Retained Earnings by Member
At the Expected Confidence Level
As of December 31, 2017

Member	2009/10 Program Year	2010/11 Program Year	2011/12 Program Year	2012/13 Program Year	2013/14 Program Year	2014/15 Program Year	2015/16 Program Year	2016/17 Program Year	2017/18 Program Year	Total
BCJPIA	\$ (15,729)	\$ 116,860	\$ 607,422	\$ 436,976	\$ 272,858	\$ 140,914	\$ 108,510	\$ 150,981	\$ 81,527	\$ 1,900,317
CalTIP									8,518	8,518
CHARMA	(2,374)									(2,374)
CSJVRMA	(22,286)	71,105	1,031,425	822,942	430,326	208,907	156,053	257,708	128,688	3,084,869
ERMAC								30,179	11,236	41,415
MBASIA			61,238	44,398	30,487	13,059	9,545	12,618	5,931	177,276
MPA	(18,970)	70,749	852,528	638,568	350,347	162,182	139,479	184,734	87,296	2,466,914
PARSAC	(13,726)	128,715	724,729	593,515	396,445	196,087	144,140	260,240	122,933	2,553,076
PERMA	(19,744)	137,932	805,742	551,668	398,783	208,038	122,055	151,611	85,477	2,441,563
SCORE	(1,718)	14,957	65,361	40,641	27,163	14,102	11,207	14,723	7,934	194,371
VCJPA	(3,030)	11,516	161,176	171,707	98,155	43,243	30,204	49,030	21,998	583,998
Oakland HA	(1,342)	5,850	84,738	85,788	46,016	20,676	13,118	19,598	12,496	286,939
Contra Costa County HA		1,698	26,494	20,706	11,798	4,638	2,544	3,936	1,996	73,810
Capital Fund										850,210
Total	\$ (98,918)	\$ 559,381	\$ 4,420,854	\$ 3,406,908	\$ 2,062,377	\$ 1,011,848	\$ 736,854	\$ 1,135,358	\$ 576,030	\$ 14,660,903

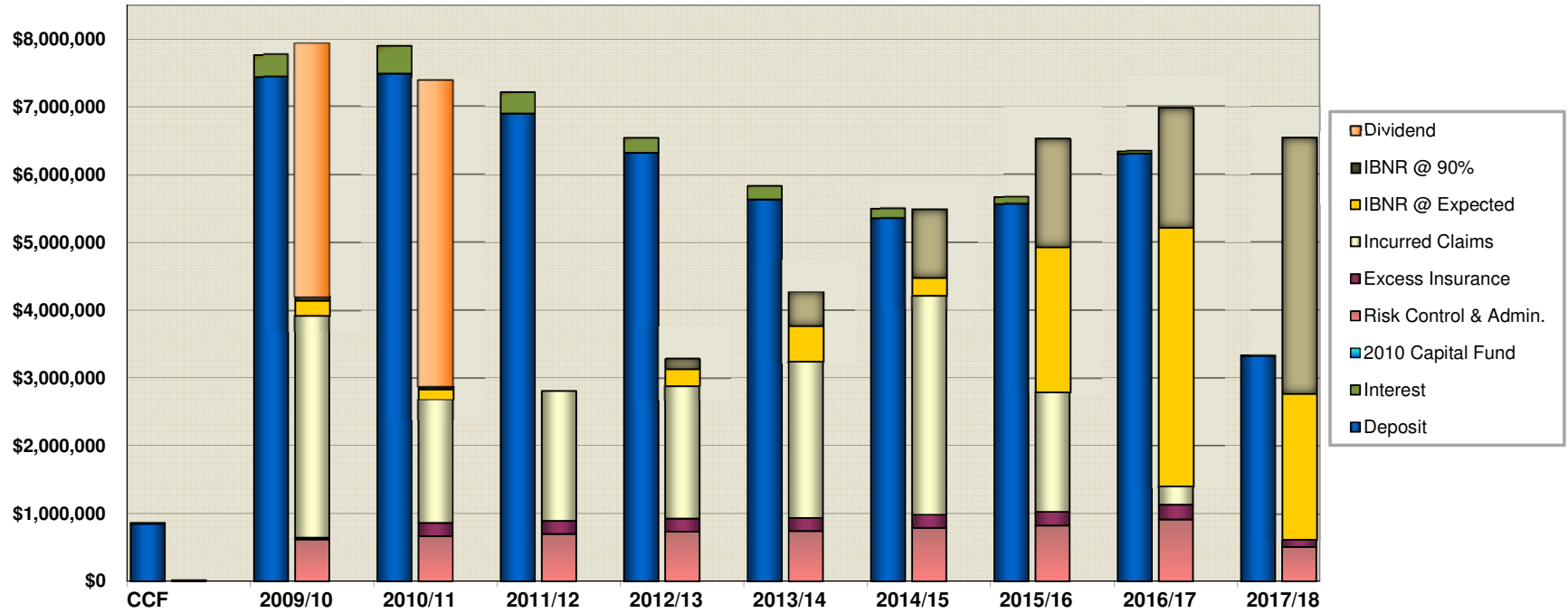
NOTES:

- * ERMA's first three program years, 1999/2000 - 2001/2002 were closed as of June 30, 2008.
- * Program years 2002/2003 and 2003/2004 were closed as of April 1, 2013.
- * Program years 2004/2005 through 2007/2008 were retrospectively adjusted as of June 30, 2013.
- * Program years 2004/2005 and 2005/2006 were closed as of April 1, 2014.
- * Program years 2004/2005 through 2008/2009 were retrospectively adjusted as of June 30, 2014.
- * Program years 2006/2007 through 2009/2010 were retrospectively adjusted as of June 30, 2015.
- * Program years 2007/2008 through 2010/2011 were retrospectively adjusted as of June 30, 2016.
- * Program years 2006/2007 through 2008/2009 were closed as of April 1, 2016.
- * ERMA's Capital Fund was reactivated as of June 30, 2015 with \$300,000 allocated based on 2015/16 premiums. An additional \$400,000 was funded on June 30, 2016 allocated based on 2016/17 premiums. An additional \$150,000 was funded on June 30, 2017 allocated based on 2017/18 premiums.

Additional Information:										
Current IBNR										
IBNR as of 12/31/17	\$227,033	\$146,294	\$0	\$ 244,291	\$ 524,294	\$ 263,708	\$ 2,133,326	\$ 3,802,998	\$ 2,148,872	\$9,490,816
Retained Earnings @ 90%:										
Retained Earnings @ 90% CL:	\$ (161,866)	\$ 512,511	\$ 4,420,854	\$ 3,256,071	\$ 1,561,434	\$ 8,400	\$ (855,637)	\$ (634,906)	\$ (1,043,351)	\$ 7,913,721
Assessments / (Dividends):										
Net Assessments / Dividends	\$ (3,716,037)	\$ (4,509,562)								\$ (11,171,758)
Confidence Level Funding:										
	75%	75%	75%	80%	80%	80%	80%	80%	80%	

Employment Risk Management Authority

Review of Financial Condition As of December 31, 2017



ERMA
BOARD OF DIRECTORS MEETING
February 9, 2018

ELECTION OF OFFICERS FOR 2017/2018 and 2018/19 PROGRAM YEARS

SUBJECT: Nomination and Election of Vice President – Term Expires June 30, 2019
Nomination and Election of Treasurer – Term Expires June 30, 2019

BACKGROUND AND STATUS:

Due to Dave Elias’ resignation from the ERMA Board of Directors and the position of Vice President; the need has arisen to nominate and elect a replacement.

John Gillison, Treasurer, has expressed interest in filling the position of Vice President. Mr. Gillison has served as a Board member since 2009 and has held the office of ERMA’s Treasurer since January 2017.

Should the Board of Directors wish to nominate and elect Mr. Gillison as Vice President, a replacement for the office of Treasurer for the remainder of the current term is needed. Truc Dever, Greater Los Angeles County Vector Control District, has expressed interest in the position. Ms. Dever has served as a Board member since March 2015.

This time is reserved for the Board of Directors to nominate and elect a Vice President and Treasurer to fill the vacancies for the remainder of the current term, effective February 9, 2018, through June 30, 2019.

RECOMMENDATION:

Staff recommends the Board of Directors nominate and elect Mr. John Gillison, for the office of Vice President, and Ms. Truc Dever, for the office of Treasurer, effective February 9, 2018, through June 30, 2019.

GOALS AND OBJECTIVES

SUBJECT: Review and Approval of ERMA Goals and Objectives Established at the 2018 Annual Workshop

BACKGROUND AND STATUS:

This time is reserved for the Board to review and approve the goals and objectives established at the February 8, 2018, Annual Workshop.

RECOMMENDATION:

Staff recommends the Board of Directors adopt the goals and objectives established at the February 8, 2018, Annual Workshop.

LITIGATION MANAGEMENT

SUBJECT: Report from Kathy Maylin, Litigation Manager

BACKGROUND AND STATUS:

This time is reserved for Kathy Maylin, Litigation Manager, to report to the Board regarding any general litigation management and member support activities.

RECOMMENDATION:

None.

ADMINISTRATIVE MATTERS

SUBJECT: Bickmore Agreement for Administrative, Litigation Management and Financial Services

BACKGROUND AND STATUS:

The current Bickmore Agreement for Administrative, Litigation Management, and Financial Services ends on June 30, 2018. As directed by the Board at the November 6, 2017, meeting, staff worked with President Scott Ellerbrock to draft a five-year renewal agreement.

To aid in the Board's consideration of proposed pricing for administrative, litigation management and financial services, attached is a ten-year history of Bickmore's contract fees. These fees reflect the Annual Base Contract Price as established by two, three-year agreements (2007/08 through 2009/10 and 2010/11 through 2013/14) and the current, five-year agreement (2013/14 through 2017/18), net additions and withdrawals of members and the applicable annual increase as stated in each contract.

Following is the proposed renewal agreement fee included in the proposed draft agreement for a period of five (5) years, commencing July 1, 2018, through June 30, 2023:

Program Year	Annual Base Contract Price	% Increase
2018/19	\$697,162	5-year term
2019/20	\$711,105	2%
2020/21	\$725,327	2%
2021/22	\$739,834	2%
2022/23	\$754,631	2%

The following changes are reflected in redline/strikeout text in the attached proposal renewal agreement for Administrative, Litigation Management, and Financial Services:

1. Updates to term of agreement throughout.
2. Section V: Appointment of Bickmore Staff – removal of language relating to individually named staff and replaced with broad language relating to individually named staff positions in accordance with ERMA's governing documents.
3. Section VI.A.8: Duties of Bickmore, General Services – updates to individually named professional associations.
4. Section VI.F.4: Duties of Bickmore, Financial Services – included reference to ACH EFT.
5. Section VI.F.17: Duties of Bickmore, Financial Services – delete redundant language.
6. Section VI.F.22: Duties of Bickmore, Financial Services – updates to language relating to the selection of investment management firm.
7. Section VI.G.1 & 2: Duties of Bickmore, Loss Prevention & Training Services – updates to language relating to on-site training services.
8. Section VI.I.2: Duties of Bickmore, Other Services - update to total number of on-site training sessions.

ERMA
BOARD OF DIRECTORS MEETING
February 9, 2018

9. Section VII.5: Duties of Bickmore, Other Services – removal of language.
10. Section VIII.A: Payments to Bickmore, Annual Base Contract Price – update of language relating to ABCP and annual percentage increase.
11. Section VIII.D: Payments to Bickmore, Reimbursement of Litigation Manager’s Time and Travel Expenses – update to Litigation Manager’s hourly rate.
12. Section VIII.E: Payments to Bickmore, Risk Management Information System Expense – moved risk management information system expense clause to individual section, outside of ABCP calculation (applicable to 2013/14 program year only).
13. Section XVII: Conflict of Interest – update to list of ERMA members for when Bickmore provides services

The draft agreement, including proposed changes, has been reviewed by President Ellerbrock and Greg O’Dea, Board Counsel.

Rob Kramer, Bickmore, will be in attendance to review the details of the proposed renewal agreement with the Board.

RECOMMENDATION:

None.

REFERENCE MATERIALS ATTACHED:

- Ten-Year Bickmore Program Administration Fees
- Draft Agreement (redline/strikeout text) between Bickmore and ERMA, Effective July 1, 2018

ERMA
Bickmore - Program Administration Fee

Program Year	Annual Base Contract Price	Amount of Contractual % Increase	Amount of Net Additions and Withdrawals	Total Fees	Contractual % Increase	Actual % Increase
1 2007/08	\$ 402,500.00		\$ 7,951.00	\$ 410,451.00	3-Year Term	
2 2008/09		\$ 20,523.00	\$ 902.00	\$ 431,876.00	5%	5%
3 2009/10		\$ 21,593.00	\$ 199.00	\$ 453,668.00	5%	5%
4 2010/11	\$ 474,720.00		\$ 843.00	\$ 475,563.00	3-Year Term	5%
5 2011/12		\$ 11,889.00	\$ 17,185.00	\$ 504,637.00	2.5%	6%
6 2012/13		\$ 12,616.00	\$ 9,581.00	\$ 526,834.00	2.5%	4%
7 2013/14	\$ 545,000.00		\$ 17,773.00	\$ 562,773.00	5-Year Term	7%
8 2014/15		\$ 11,255.00	\$ 9,652.00	\$ 583,680.00	2%	4%
9 2015/16		\$ 11,674.00	\$ 3,388.00	\$ 598,742.00	2%	3%
10 2016/17		\$ 11,975.00	\$ 58,343.00	\$ 669,060.00	2%	12%
11 2017/18		\$ 13,381.00	\$ 1,051.00	\$ 683,492.00	2%	2%

AGREEMENT
FOR
ADMINISTRATIVE, LITIGATION MANAGEMENT, AND FINANCIAL SERVICES

This Agreement is made and entered into this first day of July of the year 201~~3~~⁸ by and between the Employment Risk Management Authority, a California Joint Powers Authority, hereinafter referred to as ERMA, and Bickmore, a California Corporation.

I. SCOPE OF AGREEMENT

ERMA enters into this Agreement with Bickmore for the purpose of having Bickmore conduct the day-to-day management, operation, general administration, and financial affairs of ERMA and its programs of insurance, self-insurance, safety and training, litigation management and risk management, and to provide oversight of any other contracted operations of ERMA.

II. INTENT OF THIS AGREEMENT

It is the intent of the parties to provide, at all times, all necessary services that may be required by ERMA. However, the scope of this Agreement is to provide for those requirements that are known to the parties at the time this Agreement was prepared. The recitals of duties and responsibilities are not necessarily all inclusive; however, the Board of Directors of ERMA hereinafter referred to as the Board, reserves unto itself the authority to authorize any services which are not specifically set forth in this Agreement.

III. AUTHORITY OF BICKMORE

Bickmore shall have the authority to conduct the day-to-day operations and services of ERMA carrying out the programs authorized by the Board and shall report directly to the Board. However, for matters requiring guidance that arise in the conduct of day-to-day business, Bickmore may contact the President of ERMA who is authorized to speak for and represent the Board in these matters.

IV. APPOINTMENT AS AGENT OF ERMA

Bickmore shall be appointed as the principal agent for ERMA. ERMA shall notify all other agencies, member agencies, and firms doing business with ERMA of such appointment and that Bickmore is authorized to conduct ERMA business and provide general supervision of all ERMA programs.

V. APPOINTMENT OF BICKMORE STAFF ~~AS OFFICERS~~

~~Pursuant to the authority conferred by the Joint Exercise of Powers Law (Government Code Section 6500 et seq.), the Joint Exercise of Powers Agreement for Insurance and Risk~~

~~Management Purposes for ERMA, and the Bylaws of ERMA, ERMA shall appoint Brian Kelley as ERMA's Chief Administrative Officer, or such other member of Bickmore's staff acceptable to the Board of ERMA in the event that Mr. Kelley is no longer available, or unable, to carry out these duties. Such other members of Bickmore's staff may be appointed as officers under ERMA's Bylaws as may be deemed appropriate by ERMA's Board. Bickmore and all of its employees shall act for and on behalf of ERMA in accordance with the Joint Exercise of Powers Law and the Joint Exercise of Powers Agreement for Insurance and Risk Management Purposes, the Bylaws, applicable master program documents, applicable memoranda of coverage, resolutions, and the policies of ERMA (hereinafter collectively "Governing Documents").~~
ERMA shall appoint a Chief Administrative Officer, Analyst/Board Secretary, Finance Manager, and Litigation Manager, and such other members of BICKMORE's staff as may be deemed appropriate by ERMA's Board. BICKMORE, and all of its employees, shall act for and on behalf of ERMA in accordance with the Joint Powers Agreement and Bylaws, (hereinafter collectively "Governing Documents").

VI. DUTIES OF BICKMORE

The duties of Bickmore shall be as follows:

A. General Services:

1. maintain a business office in a location of its choosing and pay all costs incidental to the occupancy and maintenance of the office;
2. retain sufficient personnel to conduct the business affairs of ERMA; personnel retained by Bickmore shall not be considered employees of ERMA;
3. perform all services under this Agreement pursuant to and in accordance with the Governing Documents and all applicable laws and regulations of the State of California and the United States of America;
4. be truthful with ERMA, cooperate with the ERMA Board, and keep ERMA informed of any developments unknown to ERMA which could impact the operations of ERMA;
5. ensure the members of Bickmore's staff, who are necessary for the efficient conduct of business, attend Board meetings;
6. negotiate fees and other agreements on behalf of ERMA to minimize costs and obtain the best coverage and services;
7. maintain liaison between member agencies and ERMA to keep member agencies fully informed on the current status of the affairs of ERMA;

8. maintain contacts with public agency risk managers and the insurance industry by participating in the following professional associations: ~~the Public Agency Risk Managers Association (PARMA)~~, the California Association of Joint Powers Authorities (CAJPA), and the ~~Public Risk Management Association (PRIMA)~~ Association of Governmental Risk Pools (AGRiP);
9. prepare all reports, forms, books, and other documents under this Agreement in a form and content acceptable to ERMA's Board;
10. develop and implement processes and procedures relating to the protection of electronic data, including a suitable security and back-up system for all stored data and a written policy with respect to disaster recovery, physical and electronic data security, and electronic data retention, as per the standards for Accreditation with Excellence by the California Association of Joint Powers Authorities. This includes ensuring all other vendor contracts include requirements to develop and implement said processes and procedures; and
11. devote such time and facilities as are necessary to carry out these duties and those set forth below.

B. Administrative Services:

1. provide oversight for any other consultants and contractors who provide services for ERMA;
2. maintain ERMA's governing documents;
3. develop and prepare the guidelines and standards for accepting new members;
4. review all new applications for ERMA membership, including consultant and broker evaluations, and make recommendations to the Board regarding such applications;
5. act as filing officer for ERMA to ensure compliance with the Conflict of Interest Code; and
6. keep the Board informed concerning the need for and timing of claims audits, financial audits, actuarial studies, and other similar forms of technical assistance.

C. Board Secretarial Services:

1. provide, post, and distribute descriptive agendas for meetings of the Board and other subcommittee meetings in accordance with the Governing Documents and

the Ralph M. Brown Act;

2. within fifteen (15) working days after the meeting, prepare and distribute minutes of all Board or other subcommittee meetings;
3. assist other staff members in carrying out the terms of this Agreement;
4. prepare all correspondence necessary to the operation of ERMA or for the clarification of ERMA's business or operations;
5. maintain a general file of all ERMA documents including, but not limited to, correspondence, reports, insurance policies, notices, agendas, minutes, and ERMA's governing documents;
6. maintain administrative records and update them as necessary;
7. when required, prepare and file updated California Secretary of State Statement of Facts forms for ERMA and comply with other reporting requirements of the State of California; and
8. as required, provide advice and assistance to member agencies.

D. Risk Management Services:

1. develop and prepare underwriting guidelines and procedures;
2. assist ERMA in the selection of EPL and training, risk management and insurance or reinsurance programs, brokers of record, insurance or reinsurance companies, claims administrators, consultants, and other professionals who may provide services to ERMA;
3. review alternatives for financially strengthening ERMA's programs, and report to the Board on the status of such alternatives;
4. monitor the status of ERMA's programs and operations, member agencies' losses, administrative and operational costs, safety and training service companies' and brokers' performance, and provide the Board with appropriate status reports pertaining thereto;
5. assist assigned actuaries in their review and analysis of self-funded reserve levels, deposit premium computations, plan design, and utilization of benefits with the objective of obtaining the best coverage and benefits with the minimum cost to the member agencies;
6. analyze loss runs and individual claims, when necessary, to minimize claims costs

to ERMA;

7. maintain a computerized data base of all required statistical information on the member agencies and their claims;
8. maintain the memoranda of coverage for the coverage programs;
9. prepare for Coverage Committee and Board approval, amendments to the memoranda of coverage, when necessary; and
10. as required, provide advice and assistance to member agencies

E. Claims and Litigation Management Services:

1. provide a member of Bickmore's staff, who is acceptable to the Board, to serve as ERMA's Litigation Manager;
2. maintain files on all claims reported to ERMA;
3. identify coverage issues; make an initial determination whether a claim is likely to be covered by ERMA, and when coverage issues are identified, determine whether a coverage opinion should be obtained; refer claim to ERMA Coverage Counsel, as appropriate; acknowledge acceptance of claim to member and assign defense counsel; periodically monitor claims for coverage issue;
4. recommend to the Board the setting of reserves, if appropriate, for all reported claims and revise reserves if appropriate; update ERMA Loss Runs for members on a monthly basis;
5. annually, prepare a detailed report on ERMA's Pooled Employment Liability Program showing the activity by program year and the cumulative activity of all years, including number of claims, losses which have been incurred by each agency, and the losses which have been shared through pooling;
6. upon the reporting of each claim that has an expectation of exceeding the minimum incurred loss threshold set by the Board, review said claim for ERMA and report said claims to the Board at the next scheduled meeting, maintain and update reports on quarterly basis for Board review;
7. throughout the duration of each claim, periodically review the progress of said claim for ERMA, and if directed by the Board, take control and assume settlement authority for the claim; review Initial Case Analysis for each litigated claim and any claim likely to exceed minimum incurred loss threshold; review and approve litigation budget and amendments; review 60-day status reports and updates from

defense counsel and approve defense strategy throughout the progress of the claim; enforce litigation management Guidelines throughout the progress of claim; update and confer with member regarding defense strategy, ADR and other pertinent issues; monitor defense budget against defense counsel expenditures; monitor claims regarding ADR strategy and participate in all ADR; monitor and approve trial strategy and attend trial as appropriate;

8. periodically, review claims runs submitted by the member agencies;
9. monitor all claims to determine if alternate dispute resolution is appropriate and optimal time for ADR; provide recommendations for alternative dispute resolution methods, when appropriate; attend ADR meetings and negotiate settlement, as appropriate, on ERMA's behalf;
10. provide, as needed, evaluations and critiques of defense attorneys and defense firms handling claims for the members; assign defense counsel; monitor defense counsel to insure and enforce compliance with all Litigation Management Guidelines; review monthly invoices from defense counsel for Guideline compliance and for approval/non-approval of payment;
11. recommend claim settlements to the Board for approval;
12. quarterly, prepare a Litigation Manager's report of all open cases, including those which present an exposure to ERMA pooled funds, including history of claim, procedural history, status of settlement negotiations, frank liability assessment and other pertinent information necessary for evaluation of claim; and
13. as required, provide advice and assistance to member agencies. Act as resource to members regarding handling of potential and actual claims and compliance with ERMA reporting requirements; refer members to legal counsel as appropriate; assist members in complying with ERMA Investigation Protocol.

F. Financial Services:

1. prepare and distribute ERMA billings for payment by member agencies;
2. maintain detailed records of all income, expenditures, deposits, and withdrawals;
3. verify demands for payment made upon ERMA and as necessary, prepare a warrant listing for approval by the President; such listings shall include all such demands made since the last warrant listing;
4. upon approval of the warrants, issue checks or ACH EFT to pay bills;
5. respond to requests for confirmation made by member agencies' financial

- auditors;
6. perform monthly bank and investment reconciliation of all accounts;
 7. administer accounts payable and receivable, and provide collection efforts for past due receivables;
 8. maintain financial records in accordance with generally accepted accounting principles;
 9. quarterly, prepare and submit to ERMA's Treasurer for approval a Treasurer's Report detailing all funds on hand, classified by depository;
 10. quarterly, reconcile each claimant's loss run activity to the general ledger to ensure individual member SIR's are properly reflected in the quarterly financial statements;
 11. quarterly, prepare financial statements consisting of the Balance Sheet, Income Statement, and Program Retained Earnings by Member, and semi-annually the JPA Performance Report;
 12. provide warrant listings of all operating accounts in each meeting agenda's consent calendar of disbursements issued since the previous meeting;
 13. arrange for the annual financial audit by the CPA firm approved by the Board; and provide assistance during the audit, as well as compiling narratives, fraud questionnaires, and other requested explanations and analysis;
 14. arrange for the annual actuarial study by the actuarial firm approved by the Board, providing data and assistance;
 15. annually in February/March, request and compile the data to be used in performing the three-tiered experience modification calculation;
 16. prepare and submit to the Board for approval by the April Board of Directors' meeting of each year an annual budget for ERMA by JPA and Individual Member;
 - ~~17. prepare, for each meeting of the Board, a claims paid listing for all claims paid by ERMA for the most recent quarter and to date;~~
 - ~~18.~~17. prepare and timely file updated California State Controllers Annual Report of Financial Transactions forms for ERMA and comply with other reporting

requirements of the State of California;

~~19.18.~~ prepare and timely file Form 1099's with the Internal Revenue Service for all necessary expenditures made, other than those expenditures made by third party claims administrators;

~~20.19.~~ maintain any additional financial or other records as may be necessary to the operation of ERMA;

~~21.20.~~ prepare and submit to the Board annually, a calculation of equity allocations, whether assessments or distributions, pursuant to the provisions in the Governing Documents for such;

~~22.21.~~ as required, provide advice and assistance to member agencies; and

~~23.22.~~ if appropriate, assist ERMA in ~~hiring~~ issuing a request for proposal in the event the board wishes to procure bids for a financial management firm to assume the responsibility for a different firm to provide services for the investment of ERMA's reserves;

G. Loss Prevention & Training Services:

~~1.~~ ~~provide appropriate reports detailing member compliance with the mandatory elements of the Employment Practices Protection Program (EP3);~~

~~2.1.~~ oversee ~~the provision of all elements of~~ on-site ~~instruction~~ employment practice-related training provided for to members ~~with respect to implementation of the Employment Practice Protection Program. It is understood that each member should strive to have its own personnel trained to implement the mandatory elements of the Employment Practice Protection Program.~~ The use of Bickmore personnel for on-site training shall not exceed the total of twenty-five (20~~5~~) visits per year;

~~3.2.~~ provide telephone consultation to members in the area of loss prevention and training matters as needed;

~~4.3.~~ if requested by the Board, maintain and administer the Agency's loss prevention and training library, including a list of model employment related policies; and

~~5.4.~~ provide on-call services to assist members in any urgent loss prevention or training matters which may be of concern; and

~~6.5.~~ perform Risk Assessments of members identified by ERMA as requiring same. Services to be compensated under Section IX "Additional Services."

H. Support Services:

1. provide the support services required to satisfactorily conduct ERMA's business including clerical support, printing and copy services, mailings, etc.;
2. maintain up-to-date mailing lists of all member agencies, Board members, ~~Management~~ Committee members, and providers of services;
3. arrange meeting facilities including equipment and meals, if desired, for Board meetings;
4. arrange meeting facilities, including lodging and meals, for Board retreats;
5. provide for other meeting arrangements, such as, room and board for other meetings, conferences, or seminars as required by ERMA; and
6. at Bickmore's expense:
 - a. provide equipment and related lines for the receipt and transmission of electronic documents;
 - b. furnish telephone lines sufficient to provide adequate service to ERMA's member agencies, including member agency access to an 800 number in Bickmore's office;
 - c. provide postage for mailings for ERMA prepared by Bickmore;
 - d. provide all office supplies required to carry out the purposes of this Agreement;
 - e. provide printing required for letterhead, envelopes, forms, and other printed documents;
 - f. maintain subscriptions to the professional periodicals required to carry out the purposes of this Agreement; and
 - g. reimburse Bickmore's employees for travel on behalf of ERMA, except travel incidental to services provided outside of this Agreement.

I. Other Services:

Although not a part of this Agreement, Bickmore, when mutually agreed by ERMA and Bickmore, may perform additional services. Payment for said additional services shall be in accordance with Section IX of this Agreement.

Services that may be performed under additional services include, but are not limited to, the services set forth below:

1. plan, design, and implement new programs, or major revisions to existing programs for ERMA;
2. conduct on-site training for member agencies' personnel on loss control subjects outside of the, or in addition to, the twenty-five (20~~5~~) training sessions required to be provided under section VI, paragraph G, subparagraph ~~2~~1 of this Agreement;
3. prepare other financial or administrative reports for ERMA and member agencies;
4. prepare a budget analysis or other specific analysis as requested by member agencies;
- ~~5. provide physical audit services with respect to compliance by ERMA members with the Employment Practices Protection Program.~~
- ~~6.5.~~ assist ERMA in obtaining alternative sources of financing for its programs;
- ~~7.6.~~ perform any lawful additional service not covered by this Agreement which ERMA determines to be in its best interests; and
- ~~8.7.~~ provide case specific litigation management services outside Bickmore's office such as attendance at mediations, settlement conferences, defense strategy sessions, etc. These charges shall be approved by the ERMA President and billed to the specific case as per section VIII, paragraph D.

VII. DUTIES OF ERMA

ERMA shall:

- A. require member agencies to provide any information required by Bickmore to carry out the duties pursuant to this Agreement;
- B. require member agencies to be truthful with Bickmore, cooperate with Bickmore's staff, cooperate in the conduct of ERMA's programs, and keep Bickmore informed of any developments which could impact the operations of ERMA;
- C. perform the obligations ERMA has agreed to perform under this Agreement and pay Bickmore's billings in a timely manner;
- D. appoint ~~Brian Kelley a member of Bickmore's staff~~ as ERMA's Chief Administrative Officer and designate such appointee as an officer of ERMA;

- E. appoint a member of Bickmore's staff as ERMA's Litigation Manager;
- F. appoint a member of Bickmore's staff as ERMA's Board Secretary;
- G. appoint a member of Bickmore's staff as ERMA's Assistant Treasurer;
- H. provide a petty cash fund in an amount which is reasonable and mutually agreeable to pay for ERMA's professional memberships, Board travel, business meals and lodging, and other miscellaneous expenses of ERMA. A member of Bickmore's staff shall be designated as the Petty Cash Custodian;
- I. pay annual membership costs for ERMA's membership in pooling trade organizations such as CAJPA, ~~PARMA, PRIMAAGRIP~~;
- J. at ERMA's expense, select an attorney who shall be designated as Board Counsel and who shall provide coverage opinions whenever such matters are in dispute; such attorney shall not be a member of Bickmore's firm, however, Bickmore agrees to provide recommendations to ERMA as to such selection;
- K. at ERMA's expense, if required, appoint a CPA or other qualified firm to invest the reserve funds of ERMA. Such CPA shall not be a member of Bickmore's firm; however, Bickmore agrees to provide recommendations to ERMA as to such selection;
- L. at ERMA's expense, purchase a fidelity bond to cover ERMA's Treasurer, Assistant Treasurer, Petty Cash Custodian, and any other officer who may handle monies of ERMA or who has authority to sign checks for ERMA.

VIII. PAYMENTS TO BICKMORE

A. Annual Base Contract Price

Bickmore hereby agrees to perform the services set forth herein for all five years of this Agreement renewal for an "Annual Base Contract Price" (ABCP). The ABCP for the fiscal year 201~~38~~/~~2014~~9 shall be ~~\$545,000~~ ~~697,162~~~~589,925~~. The costs for incidental expenses such as travel, mileage, room and board, etc. are included in the ABCP. The ABCP shall increase by the annual inflator of 2%.

The ABCP for 201~~38~~/~~2014~~19 is calculated on a membership base as of April 1, 201~~38~~. Such amounts shall be firm, provided no new or withdrawing members are added to ERMA following this date.

Adjustments to the amounts due to Bickmore for the addition of new or withdrawing

members shall be as set forth in subparagraph B to this Article.

B. New Member Agencies of ERMA

Nothing in this Agreement shall prevent ERMA or any of its members from adding new members to ERMA or to the membership of any member. However, with the admission of each new member, the annual base sum payable to Bickmore will be increased by a percentage amount proportionate to the new member's annual payroll as compared to the total annual payroll of the then existing membership at the time the new member(s) joins. A new member means one accepted into ERMA, and is a Named Covered Party in the Memorandum of Coverage and Endorsements thereto. Such amount shall be in addition to the contract price due to Bickmore as set forth in this Article. In the event a new member joins ERMA during a program year, the amount paid to Bickmore will be pro-rated for that portion of the year in which the new member participates.

If an existing member withdraws or is terminated from ERMA, the annual base sum payable to Bickmore will be decreased by the percentage amount proportionate to that withdrawing member's annual payroll as compared to the total annual payroll of the then-existing membership at the time of withdrawal or termination. Such amount shall be deducted from the contract price due to Bickmore for the year following the withdrawal or termination. If the member withdraws or is terminated during a program year, the amount deducted from the Bickmore annual base sum shall be pro-rated for the portion of the year in which the withdrawn or terminated member participated.

C. Frequency of Payments

During the term of this Agreement, ERMA shall pay Bickmore the annual base contract price in four prospective payments of one-fourth of the current year's base contract amount within 30 days of the beginning of each quarter, for services to be rendered on behalf of ERMA for the respective contract year.

D. Reimbursement of Litigation Manager's Time and Travel Expenses

In addition to the remuneration set forth above, ERMA agrees to pay Bickmore for time and travel expenses of the Litigation Manager when he or she is required to travel on behalf of ERMA to attend trials, mediations, arbitrations and settlement conferences involving cases that have been reported to ERMA and either do or are likely to involve assumption of control by ERMA, and/or the payment of ERMA's funds in the resolution of the case. Payment of travel expenses includes hourly fees, mileage reimbursement at the current IRS rate and reimbursement of other out-of-pocket expenses including but not limited to meals, lodging, and commercial travel.

The following hourly rates shall apply for the first year of this contract and shall increase 2.0% annually thereafter:

Litigation Manager- ~~\$15065~~: -A report of Litigation Management Fees will be provided annually for services provided outside of base contract.

These Litigation Manager's charges will be charged to the respective claim file as an allocated expense.

E. Risk Management Information System Expense

Beginning on December 1, 2013, Bickmore agreed to provide use of its Risk Management Information System to ERMA in order to track and monitor ERMA claims. The agreed cost for this use is \$5,000 annually. For the 2018/19 program year, the ABCP will be increased by \$5,000 before calculating the annual inflator of 2%.

IX. ADDITIONAL SERVICES

In the event that additional services, or extra work, which are not covered by this Agreement are desired, such services will be billed on a time and materials basis at the hourly rates Bickmore charges to its other clients or an agreed upon flat rate basis. Prior to commencing any additional services or extra work, Bickmore shall prepare a task order describing the scope of work and the costs for the extra services. -ERMA shall have no obligation to pay for extra services by Bickmore until after the approval of the task order by the President or the Board, as appropriate.

X. TERMINATION OF AGREEMENT

This Agreement may be terminated prior to the expiration of the term specified in Section XIX in any one of the following ways:

- A. By mutual agreement of the parties expressed in writing;
- B. By -Bickmore, after the twenty-fourth (24th) month of this Agreement, upon giving ERMA not less than six (6) months prior written notice of its election to terminate the Agreement;
- C. By Bickmore, for cause, upon giving to ERMA not less than sixty (60) days' prior written notice of its election to terminate the Agreement for cause, which notice shall specify the particular cause and the facts and circumstances justifying the termination of the Agreement for cause. ERMA shall be allowed thirty (30) days from the date of the written notice to cure the breach that is the basis for the notice of election to terminate;

For purposes of this paragraph, the following shall justify termination of the Agreement for cause: the appointment by ERMA of any person other than an employee of Bickmore to serve as an officer of ERMA for the offices of Chief Administrative Officer, Litigation

Manager, Secretary, or Assistant Treasurer; or, violation by ERMA of any of the duties enumerated in Section VII of this Agreement;

- D. By ERMA, without cause, on a two-thirds vote of the ERMA Board ~~of Directors~~ present and voting, after the twelfth (12th) month of this Agreement, upon giving Bickmore ~~one~~ year prior written notice of its election to terminate the Agreement; and
- E. By ERMA, for cause, upon giving Bickmore not less than 60 days prior written notice of its election to terminate the Agreement for cause, which notice shall include but not be limited to: (1) the particular cause and the facts and circumstances which justify the termination of the Agreement for cause, and (2) the right of Bickmore to request within thirty (30) days a hearing before ERMA's Board, with a quorum of at least two-thirds (2/3rds) of the members attending, to contest the proposed termination. The written notice shall also state that if the election to terminate is for a cause set forth in item 4 or item 5 below, Bickmore shall have the opportunity to attempt to cure that cause, to the satisfaction of the Board ~~of Directors~~, within the same thirty (30) day period from the date of the written notice. If Bickmore requests a hearing, the hearing shall be held before the Board and, absent an extension granted by the Board, the Board shall render a decision on the matter within the 60 (sixty) day period.

ERMA shall only terminate this Agreement for cause upon determination in good faith of the existence of a cause supporting termination. Bickmore shall be allowed thirty (30) days from the date of the written notice to cure the breach that is the basis for the notice of election to terminate, with the exception of a breach by mishandling of funds, intentional misrepresentation or fraud, or commission of any illegal acts or omissions. The determination of whether the cure is sufficient is solely within the discretion of the Board of ERMA, and that decision shall not be subject to appeal.

For purposes of this paragraph, the following shall justify termination for cause: (1) mishandling ERMA's funds by any employee of Bickmore; (2) any intentional misrepresentation or fraud by any employee of Bickmore in connection with the performance of Bickmore's duties under this Agreement; (3) the commission of any illegal acts or omissions by any employee of Bickmore in relation to the performance of duties under this Agreement; (4) a material breach of this Agreement or habitual neglect of duty by any employee of Bickmore in the performance of duties under this Agreement; or, (5) the failure to provide a qualified person to fill a vacant ERMA office after due notice and opportunity to find a qualified person.

XI. PROPERTY RIGHTS

A. Ownership of Records

All written records relating to the operations, administration, and activities of ERMA shall at all times be and remain the property of ERMA. Upon termination of this

Agreement, Bickmore shall surrender all written records to ERMA upon demand.

B. ERMA Intellectual Property

All data, information, documents, books and records, processes (including but not limited to experience modification and other calculations and procedures used in reports and/or in presentations), equipment, software (in source and object code form), developed independently by ERMA and excluding Bickmore's Intellectual Property ("Bickmore IP"), and any materials supplied or purchased **and** any materials supplied or purchased by ERMA from vendors outside this Agreement, including any and all intellectual property rights therein, will be and remain the sole property of ERMA.

C. Bickmore Intellectual Property

Bickmore Intellectual Property ("Bickmore IP") shall include all data, information, documents, books and records, processes, business methods, equipment (and replacements therefore), software (in source and object code form), and other materials provided by Bickmore to ERMA pursuant to the provision of services under this Agreement or assistance in establishing a self-insured group. All Bickmore IP (a) owned or licensed by Bickmore prior to the Effective Date which is used in connection with the Services provided by Bickmore hereunder, (b) of which Bickmore acquires ownership or rights after the Effective Date and which is used in connection with the Services provided by Bickmore hereunder, or (c) developed by or on behalf of Bickmore for use by ERMA after the Effective Date will be and remain the exclusive property of Bickmore and ERMA will have no right, title or interests in the Bickmore IP except as described in this Section XI.

ERMA's worldwide ownership rights, title and interest in and to all intellectual property and ownership rights in such work product. Both parties agree to execute and sign and all applications, assignments, or other instruments which the other party may deem necessary in order to enable a party to acquire and/or exercise the rights set forth herein.

During this agreement, Bickmore will make such Bickmore IP available to ERMA as part of the services provided by Bickmore hereunder, and hereby grants ERMA a limited, worldwide, non-exclusive right and license to use, copy, distribute, publicly perform, and publicly display such Bickmore IP as part of the work product delivered pursuant to the services provided hereunder. —Upon termination of this Agreement, this license shall terminate and ERMA will return all such Bickmore IP (included source code and documentation) in the form in use by Bickmore in connection with the services provided hereunder. Nothing in this Agreement shall prevent Bickmore from using or selling any Bickmore IP to any third party.

Other than the rights granted in this Section 1, Bickmore retains all right, title and interest in and to Bickmore IP. —ERMA may not reverse-assemble, modify, decompile, or otherwise reverse-engineer, or create derivative works from the Bickmore IP.

D. Website Design

Any finished or unfinished assembled work of web pages, including designs and architecture related thereto, produced by Bickmore will be owned exclusively by Bickmore. Upon final payment of this contract, Bickmore hereby grants ERMA the right to use the design, graphics, and text contained in the finished assembled website as a part of ERMA's own website. Rights to source code, work-up files, and computer programs are specifically not granted, and remain the exclusive property of Bickmore. Bickmore and its subcontractors retain the right to display any such graphics and other web design elements as examples of their work in their respective portfolios.

E. Copyrights and Trademarks

Any proprietary work that may be copyrighted and names used with respect to products and services developed or provided by Bickmore in accordance with this Agreement are also the exclusive property of Bickmore under subsection B. herein, whether formally designated or registered as a servicemark, trademark or copyright. All rights of use, if any, granted to ERMA, are subject to Bickmore's right to terminate use of such materials and names, and upon termination, ERMA shall cease such materials or names immediately. In the event that such materials or names have been registered by copyright or trademark, ERMA, as part of this Agreement as to any materials provided to the Board, members affiliates, agents, successors and assigns, agrees to use the appropriate designations, i.e. (c), TM, SM, (r), and include Bickmore's name as the lawful owner when so advised by Bickmore.

XII. EMPLOYMENT OF BICKMORE STAFF

During the terms of this agreement and for twelve (12) months following termination of this agreement, ERMA agrees that it will not approach, solicit, attempt to hire, hire, or cause another entity or person to hire any Bickmore employee without the prior express written permission of Bickmore.

XIII. INDEPENDENT CONTRACTOR

Bickmore is and shall at all times remain as to ERMA a wholly-independent contractor. Neither ERMA nor any of its agents shall have control over the conduct of Bickmore's employees or associates, except as otherwise set forth.

XIV EQUAL OPPORTUNITY EMPLOYER

Bickmore shall not discriminate against any employee or applicant for employment because of race, religion, color, sex, age, or natural origin.

XV. INDEMNIFICATION

Bickmore agrees to indemnify, protect, defend, and hold harmless ERMA and its officers, employees, and agents from any and all auto and premises liability claims for damages by reason of any injury to person or persons, including, but not limited to, Bickmore, its associates, or employees, or property damage claims of any kind whatsoever and to whomsoever belonging, including, but not limited to, Bickmore, its associates, and employees from any cause or causes whatsoever arising out of the negligent performance or failure to perform of Bickmore, its associates, or employees pursuant to its obligations under the terms of this Agreement; provided, however, that Bickmore shall not be liable to ERMA for any injury to persons or property which may result from the action or non-action of ERMA, or its directors, officers, agents, or employees (but not including Bickmore or its employees). Bickmore shall also hold ERMA harmless against any liability which it may incur toward Bickmore's employees, specifically including liability for the payment of workers' compensation benefits.

XVI. INSURANCE REQUIREMENTS

Bickmore, at its expense, shall at all times maintain in full force and effect workers' compensation insurance covering all employees of Bickmore in an amount required by the laws of the State of California. Bickmore hereby declares that said employees are the employees of Bickmore and at no time shall said employees be held to be in the employ of ERMA. Bickmore shall hold ERMA harmless against any liability that it may incur toward said employees, specifically including liability for the payment of workers' compensation benefits.

Bickmore, at its expense, shall maintain automobile liability insurance in an amount not less than \$2 million per occurrence.

Bickmore, at its expense, shall maintain premises property insurance that shall include a provision to provide reimbursement for the expense of reproduction of papers, and data disks and tapes which may be lost due to fire at the offices of Bickmore.

Bickmore, at its expense, shall maintain at all times general premises liability insurance with limits of \$1 million per occurrence to cover bodily injury and property damage which may be incurred on the premises of Bickmore's offices.

Bickmore, at its expense, shall maintain errors & omissions insurance in an amount of not less than \$2 million per occurrence to cover Bickmore and Bickmore's employees who have been designated as officers of ERMA, and other staff while they are carrying out the provisions of this Agreement and otherwise acting within the course and scope of their duties to ERMA. Bickmore, at its expense, shall maintain Fidelity/Crime coverage in an amount of no less than \$1 million per occurrence.

Bickmore shall maintain Certificates of Insurance in ERMA's files evidencing the insurance coverage provided herein.

A. Deductible and Self-Insured Retentions

Any increase in the deductibles or self-insured retentions must be declared to and approved by ERMA. At the option of ERMA, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects ERMA, its officers, officials, employees and volunteers; or Bickmore shall procure, at the expense of ERMA, a bond guaranteeing payment of losses and related investigations, claim administration and defense experts.

B. Other Insurance Provisions

The automobile and general liability policies are to contain, or be endorsed to contain, the following provisions:

1. ERMA, its officers, officials, employees and volunteers are to be covered as insureds as respects: liability arising out of activities performed by or on behalf of Bickmore; products and completed operations of Bickmore's; premises owned, occupied or used by Bickmore, or automobiles owned, leased, hired or borrowed by Bickmore. The coverage shall contain no special limitations on the scope of protection afforded to the Agency, its officers, officials, employees, or volunteers.
2. For any claims related to this project, Bickmore's insurance coverage shall be primary insurance as respects ERMA, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by ERMA, its officers, officials, employees, or volunteers shall be excess of Bickmore's insurance and shall not contribute with it.
3. Bickmore's insurance shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability.
4. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to ERMA.

5. Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A-:VII, unless otherwise acceptable to ERMA.

XVII. CONFLICT OF INTERESTS

Bickmore hereby certifies, to the best of its knowledge, that it has no conflict of interest in

carrying out the provisions of this Agreement, except as follows: Bickmore provides full-service program management services including Administration, Risk Management, Financial, and Safety & Loss Control to ~~three-four~~ members of ERMA (Bay Cities Joint Powers Insurance Authority, California Transit Indemnity Pool, Central San Joaquin Valley Risk Management Authority, and Vector Control Joint Powers Agency). Bickmore also provides stand-alone consulting services such as actuarial, risk control, and risk management to ~~four-five~~ additional members of ERMA (Exclusive Risk Management Authority of California, Municipal Pooling Authority, Public Agency Risk Sharing Authority of California, Public Entity Risk Management Authority, and Small Cities Organized Risk Effort.) To the best of Bickmore's knowledge no conflict of interest currently exists in Bickmore's performance of duties for these agencies with respect to ERMA. Should any conflict, apparent or real, occur in the future, Bickmore shall immediately notify ERMA in writing.

XVIII. ASSIGNMENT

ERMA and Bickmore each binds itself, its principals, successors, assigns, and legal representatives to the other party to this Agreement and to the principals, successors, assigns and legal representatives of such other party with respect to all covenants of this Agreement. Neither ERMA nor Bickmore shall assign, sublet, or transfer its interest in this Agreement without the written consent of the other.

XIX. TERM OF AGREEMENT

This Agreement shall be in effect from July 1, 201~~38~~, through and including June 30, 20~~18~~23, subject to earlier termination as set forth in Section X of this Agreement.

XX. DISCLAIMER OF GUARANTEE

Bickmore has made no promise or guarantee to ERMA about the outcome of ERMA's matters, and nothing in this Agreement shall be construed as such a promise or guarantee.

XXI. LITIGATION COSTS

Should any litigation occur relating to the enforcement and/or interpretation of this Agreement or any part thereof, the prevailing party shall be entitled to reasonable attorney's fees and costs. The determination of whom, if anyone, is the prevailing party as well as what shall constitute reasonable attorney's fees and costs shall be made by the judge presiding over said litigation.

XXII. SUPERSESSION OF PRIOR TERMS AND CONDITIONS

This Agreement integrates all terms and conditions mentioned herein or incidental hereto, and supersedes all oral negotiations and prior writings in respect to the subject matter hereof. In the event of conflict between terms, conditions or provisions of this Agreement and any such document or instrument, the terms and conditions of this Agreement shall prevail.

XXIII. SEVERABILITY

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

IN WITNESS HEREOF, the parties hereto have executed this Agreement the day and year first above written.

EMPLOYMENT RISK MANAGEMENT
AUTHORITY

BICKMORE

~~Jake O'Malley~~ Scott Ellerbrock
President
Date: _____

Rob Kramer
President
Date: _____

~~Craig Downs~~ Truc Dever
Treasurer
Date: _____

Jeffrey Grubbs
Chief ~~Financial~~ Operating Officer
Date: _____

ADMINISTRATIVE MATTERS

SUBJECT: Alliant Insurance Brokerage and Consulting Agreement

BACKGROUND AND STATUS:

ERMA's current agreement with Alliant Insurance Services (Alliant) providing brokerage and consulting services expires June 30, 2018. At the November 6, 2017, Board of Directors meeting, staff was directed to work with Alliant to negotiate a three-year renewal contract.

Alliant has served as ERMA's broker of record since 2007. Attached for the Board's review is a draft agreement that contains no substantive changes from the previous agreement.

RECOMMENDATION:

Staff recommends the Board of Directors approve a three-year renewal agreement with Alliant, as presented.

REFERENCE MATERIALS ATTACHED:

- Draft Agreement (redline/strikeout text) between Alliant and ERMA, Effective July 1, 2018

**INSURANCE BROKERAGE AND CONSULTING AGREEMENT
BETWEEN
EMPLOYMENT RISK MANAGEMENT AUTHORITY AND
ALLIANT INSURANCE SERVICES, INC.**

I. PARTIES.

The PARTIES to this BROKER SERVICES AGREEMENT are **Employment Risk Management Authority** (CLIENT) and **Alliant Insurance Services, Inc.** (BROKER).

II. AGREEMENT.

In consideration of the payments and covenants specified in this AGREEMENT, BROKER shall perform the SERVICES described herein.

III. DEFINITIONS.

When used throughout this AGREEMENT, capitalized terms, whether in the singular or in the plural form, shall have the meanings ascribed to them at their first occurrence. In addition, the following terms, when capitalized, whether in the singular or in the plural form shall have the meanings set forth below:

- A. **BROKER** – Alliant Insurance Services, Inc.
- B. **CLIENT** – Employment Risk Management Authority.
- C. **AGREEMENT** – This BROKER Services Agreement, its addendums, exhibits, and/or attachments, and any written changes that are agreed upon by the PARTIES.
- D. **COMPENSATION** – Remuneration paid to BROKER as consideration for its SERVICES performed under this AGREEMENT, which shall be in the form of either a FEE and/or COMMISSION.
- E. **FEE** – Annual remuneration paid by CLIENT directly to BROKER for SERVICES (does not include COMMISSION).
- F. **COMMISSION** – Remuneration paid by CLIENT’S insurance carriers (or excess pools) directly to BROKER.
- G. **PARTY** – CLIENT or BROKER.
- H. **PROGRAM** – The categories of risk and insurance placed on behalf of CLIENT and SERVICE provided under the SCOPE OF SERVICES of this AGREEMENT.

- I. **SERVICE** – Any and all obligations of BROKER to be performed pursuant to this AGREEMENT.
- J. **KEY PERSONNEL** – Those individuals on the account service team, designated in the attached **Addendum A**, who are responsible for the BROKER’S role provided for under the Section IV, SCOPE OF SERVICE.

IV. **SCOPE OF SERVICE.**

A. **General Provisions.**

CLIENT agrees to designate BROKER as CLIENT’S sole representative for marketing and placement of insurance coverage, services and products in the following program areas: **Excess Employment Practices Liability**

BROKER agrees to:

1. Act as CLIENT’S insurance broker and perform all duties specified in this Agreement to be performed by BROKER for CLIENT’S insurance program, including marketing to insurance and reinsurance carriers, reviewing and verifying insurance documents received from insurers, providing insurance documents to CLIENT, forwarding questions from CLIENT and/or its participating members to the insurance carriers, identifying, reviewing and commenting on loss-control activities and recommendations by insurers, evaluating the appropriateness of insurance coverage, and offering alternatives as requested, based on comparison of quotations, and preparing insurance certificates as requested by CLIENT and/or its participating members, to be received within forty-eight (48) hours of request;
2. Work closely with CLIENT to manage its risks and to control the costs of insurance;
3. Analyze factors that drive the cost of insuring CLIENT’S risks, and develop and recommend to CLIENT insurance, reinsurance and other risk financing or loss funding programs, techniques and methods, whenever they will benefit CLIENT;
4. Seek out creative solutions and explore reasonable alternatives to traditional risk management techniques;
5. Develop, recommend, negotiate and use its commercially reasonable efforts to implement cost-effective insurance and/or alternative risk financing programs;
6. Represent CLIENT’S interests, not those of any insurance company or other organization;
7. Market and solicit comprehensive quotes from financially acceptable insurance markets and reinsurance markets;
8. Negotiate, on the CLIENT’S behalf: with all insurance markets and submit to CLIENT written details of its marketing efforts. To the extent

reasonably available, BROKER will identify all contacts and amounts quoted at least thirty (30) calendar days prior to the renewal date(s). Copies of the formal underwriting submissions made by BROKER will be provided electronically to CLIENT at least 72 hours before submittal to carrier(s). The BROKER will represent and assist CLIENT in all discussions and transactions with all insurers, and will not place any insurance unless so authorized by CLIENT;

9. Keep CLIENT informed of all significant developments relating to BROKER'S obligations under this Agreement;
10. Monitor published financial information of the CLIENT'S current insurers, and alert CLIENT when the financial strength or management status of these insurers falls below minimum financial guidelines set by BROKER and CLIENT. BROKER will not be responsible for the management, solvency or ability to pay claims of any insurance carrier;
11. Assist CLIENT members with mid-term coverage additions and changes;
12. Follow up within sixty (60) to ninety (90) days with insurance carriers for timely issuance of policies and endorsements;
13. Review policies and endorsements for accuracy and conformity to specifications and negotiated coverages;
14. Provide coverage summaries for all lines of coverage;
15. Verify rates and premiums prepared for CLIENT and its members by the insurance carriers;
16. Provide CLIENT with detailed invoices showing CLIENT'S insurance costs (delineated by line of coverage, insurer and member), including any applicable surplus lines taxes or fees; and
17. Provide copies of reports and/or documents relating to the CLIENT'S account to the CLIENT in a timely manner. CLIENT agrees that files (other than insurance policies) are generally not retained for more than five (5) years after the expiration of a particular policy term.

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

B. Services.

BROKER agrees to:

1. Act, upon request of CLIENT, as a liaison:
 - a. For communications among or between all parties involved in the program including CLIENT, participating members, insurance carriers and others. assist CLIENT in settlement issues with coverage providers. However, it is understood and agreed that BROKER is not providing claims management services or claims consulting services under this Agreement.

- b. Between the CLIENT and the excess insurer, by requesting loss runs from the Administrator within ten (10) days of the end of each quarter and submitting those loss runs to the excess carrier as it may require for reporting within thirty days (30) following the end of the quarter.
- 2. Prepare written reports to CLIENT management to include:
 - a. Reports of pending rate, coverage or renewal issues including significant changes in the financial status of major insurers and reinsurers for the program before January each year.
 - b. Review marketing plan with CLIENT prior to approaching insurers or reinsurers or alternative markets on program during the first quarter of the calendar year.
 - c. Annually review underwriting information for completeness and request updated exposure and loss data from CLIENT members at renewal time.
 - d. Develop underwriting information and marketing specifications in conjunction with CLIENT.
 - e. Inform CLIENT of significant changes or trends in the marketplace and providing an annual written forecast of market conditions.
- 3. Evaluate existing coverage documents as to the adequacy of coverage, retention levels, restrictions in coverage, stability of forms and other related matters. Upon such evaluation make recommendation regarding these subjects to the CLIENT, for review.
- 4. Deliver binders or other evidences of coverage as soon as practicable, but not later than thirty (30) days, after the placement of coverage under the program to be effective until such time as the policy or agreements for the placement are received by CLIENT from the coverage providers.
- 5. Monitor the program to assure its continuing balance of coverage scope, costs, service and stability.
- 6. Assist CLIENT, as requested, in the development of marketing materials for development of new members and meet with new members as directed by CLIENT.
- 7. Review insurance policies, binders, certificates and other documents related to the program for accuracy and obtain revisions in such documents when needed.
- 8. Monitor program to assure continuing balance of coverage scope, cost, services and stability.
- 9. Attend and present information at meetings, as requested by CLIENT.

V. COMPENSATION

- A. **Annual Compensation.** In COMPENSATION for the services under the SCOPE OF SERVICES provided, BROKER shall receive COMMISSION of ten percent (10%) beginning July 1, 201~~8~~⁵ for placement of **Excess Employment Practice Liability**.
- B. **Commissions.** COMMISSIONS shall be collected as agreed by both Parties in writing.
- C. **Disclosures.**
1. **Exclusions.** COMMISSIONS on Bonds are not included in the COMPENSATION agreed to above.
 2. **Transparency and Disclosure.** During the term of this AGREEMENT, BROKER will annually disclose any COMMISSIONS received by BROKER, or any affiliated company, in connection with any insurance placements on behalf of CLIENT under BROKER'S "Transparency and Disclosure" policy, a copy of which is made available upon request. Pursuant to its policy, BROKER will conduct business in conformance with all applicable insurance regulations and in advancement of the best interests of its clients. In addition, BROKER'S conflict of interest policy precludes it from accepting any form of broker incentives that would result in business being placed with carriers in conflict with the interests of BROKER'S clients.
 3. **Compensation from Others for Placement of Client's Business.** Where BROKER or any affiliate of such BROKER receives any compensation or payment from the CLIENT for the placement of insurance, or represents CLIENT with respect to that placement, neither BROKER nor an affiliate of BROKER shall accept nor receive any compensation or income from an insurer or other third party for that placement of insurance, unless the BROKER has, prior to the CLIENT'S purchase of insurance:
 - (a) Obtained the CLIENT'S written acknowledgment that such compensation will be received by BROKER, and disclosed in writing the full amount of compensation received by BROKER and its affiliates from the insurers and other third parties involving the placement. If the amount of compensation is not known at the time of disclosure, BROKER shall disclose the specific method for calculating such compensation and, if possible, a reasonable estimate of the amount. BROKER shall make such disclosure without being requested by CLIENT to disclose such information.
 - (b) For purposes of this section, compensation shall include, but is not limited to, payments, COMMISSIONS, , retail or wholesale COMMISSIONS, premium finance compensation, fees, awards, overrides, bonuses, contingent COMMISSIONS, loans, stock options, gifts, prizes or any

other form of valuable consideration, whether or not payable pursuant to a written Agreement.

- (c) BROKER shall not accept any form of compensation from any profit-based contingent COMMISSION agreements such as, but not limited to, "market service agreements," profit sharing arrangements, "placement service agreements," tie-ins, retrocession tie-ins, "finders' fees," "national incentives," "structuring broker commissions," "strategic partner commissions," "volumetric incentives," "volumetric premiums," "introducing broker commissions," "referring broker commissions," facultative reinsurance agreements, any "back -end" sources of compensation and/or revenue, or any additional compensation based on premium volume given to any particular insurer, by whatever names these contingent COMMISSIONS are or may be called.
- (d) The BROKER and its affiliates will not engage in any so called "bid-rigging," or any similar conduct, or accept undisclosed volume based override COMMISSIONS , "B quotes," or any COMMISSIONS based on volume, renewal rates, or underwriting profitability, by whatever term such conduct is described.
- (e) BROKER will disclose in writing the markets it intends to approach on CLIENT'S behalf, and how such markets will be approached, whether to a BROKER owned wholesaler or an outside wholesaler.
- (f) BROKER agrees to provide an annual written disclosure report of any and all compensation or income received from any source on placement of insurance coverage or products placed for CLIENT.

4. Other Alliant Services.

- (a) **Alliant Specialty Insurance Services (ASIS).** In addition to the COMPENSATION that BROKER receives, its related entity, Alliant Specialty Insurance Services (ASIS) and its underwriting operations, Alliant Underwriting Services (AUS), may receive compensation from BROKER and/or carriers for providing underwriting services. The financial impact of the compensation received by ASIS is a cost included in the premium. Compensation received by ASIS will be disclosed in writing to CLIENT and is agreed to by CLIENT as part of the premium. CLIENT further acknowledges that BROKER and ASIS maintain an arm's length relationship. CLIENT understands that while BROKER represents CLIENT as an individual entity, ASIS independently administers its program as a whole and not on behalf of any particular member.
- (b) **Alliant Business Services (ABS); ~~Strategic HR.~~** Additionally, Alliant's internal operating groups, Alliant Business Services (ABS) ~~and/or Strategic HR,~~ may receive compensation from BROKER and/or carriers

for providing designated, value-added services. Services contracted for by the CLIENT directly will be invoiced accordingly. Otherwise, services will be provided at the expense of BROKER and/or the carrier.

VI. TAXES & FEES, THIRD PARTY BROKERS AND INDIRECT INCOME.

- A. **Surplus Lines Fees and Taxes.** In certain circumstances, placement of insurance services made by BROKER on behalf of CLIENT, with the prior approval of CLIENT, may require the payment of surplus lines assessments, taxes, and/or fees to state regulators, boards, and associations. Such assessments, taxes, and/or fees will be charged to CLIENT and identified separately on invoices covering these placements. CLIENT shall be responsible for all such assessments, taxes, and fees, whether or not separately invoiced. BROKER shall not be responsible for the payment of any such fees, taxes, or assessments, except to the extent such fees, taxes or assessments have already been collected from CLIENT.
- B. **Third Party Brokers.** BROKER may determine from time to time that it is necessary or appropriate to utilize the services of third party brokers (such as surplus lines brokers, underwriting managers, London market brokers, and reinsurance brokers) to assist in marketing the CLIENT insurance PROGRAM. Subject to the provisions herein, these third party brokers may be affiliates of BROKER (e.g., other companies of Alliant that provide services other than those included within the SCOPE OF SERVICES of this AGREEMENT), or may be unrelated third party brokers. Compensation to such third party brokers will be paid by the insurance company out of paid insurance premiums.
- C. **Indirect Income.** “Indirect Income” means insurance carrier contingency arrangements. BROKER will not accept these compensation incentives from insurers, including contingent commissions, market service agreements (MSA), volume-based commission incentives and rebates on business placed on behalf of CLIENT within the SCOPE OF SERVICE of this AGREEMENT.

VII. PERSONNEL.

BROKER agrees KEY PERSONNEL as listed in **Addendum A** will be responsible for performance of the SERVICES described herein. Should such personnel become unavailable to perform SERVICES for CLIENT, BROKER agrees to replace, as soon as practicable, such personnel with individual(s) of comparable skills and experience as determined by BROKER’S evaluation and subject to CLIENT’S right of reasonable refusal.

VIII. INSURANCE REQUIREMENTS.

- A. **Coverage and Limits.** During the term of this AGREEMENT, BROKER shall maintain the following insurance coverage and limits or the equivalent self-insurance coverage:

1. Professional Liability insurance with minimum limits of \$1 million per claim providing coverage for any errors and omissions that the BROKER or its agents may make resulting in financial loss to CLIENT.
 2. Commercial General and Automobile Liability insurance with limits of at least \$1 million combined single limit per occurrence and in the aggregate for bodily injury and property damage. The policies are to contain, or be endorsed to contain the following provisions:
 - (a) CLIENT, its trustees, officers, employees, and volunteers are to be covered as additional insureds with respect to liability arising out of the work or operations performed by the BROKER, or on behalf of the BROKER, or “any auto,” whether owned, leased, hired or borrowed by the BROKER.
 - (b) For any covered claims related to this AGREEMENT, the BROKER’S insurance coverage shall be primary insurance as respects CLIENT, its trustees, officers, employees, or volunteers. Any insurance or self-insurance maintained by CLIENT, or any of its members, shall be excess to the BROKER’S insurance and shall not contribute with it.
 3. Workers’ Compensation coverage in compliance with applicable law, and Employers’ Liability insurance in the amount of at least \$1 million per accident or aggregate.
 4. Excess Liability of at least \$4 million per occurrence (and in the aggregate) coverage over General Liability, Professional Liability, and Auto primary coverage.
- B. **Carrier Rating.** All insurance carriers providing the coverages required by this section shall have a financial rating of at least an “A-” published A.M. Best, or an equivalent financial rating firm. Published reports will be used to confirm the insurance carriers’ rating, unless the BROKER has obtained the CLIENT’S written acknowledgment that an insurance carrier with a lower financial rating is permitted.
- C. **Certificates of Insurance/Endorsements.** BROKER shall also provide to CLIENT certificates of insurance and copies of applicable endorsements evidencing the above coverages and limits, and will maintain these coverages during the term of this AGREEMENT.
- D. **Ongoing Obligation.** The failure of the BROKER to procure and maintain the required insurance does not negate its obligation under this AGREEMENT to do so.

IX. OBLIGATIONS OF CLIENT.

CLIENT agrees to cooperate with BROKER in the performance of BROKER’S services by providing BROKER with reasonable access to CLIENT’S personnel and information, including providing BROKER with complete and accurate information as to CLIENT’S

loss experience, risk exposures and any other pertinent information that BROKER requests. In addition, when known, CLIENT shall have the responsibility to keep record of and immediately report significant changes in exposures, loss-related data, and/or any other material changes to BROKER. This reporting must be memorialized in writing and delivered to Alliant in accordance with the notice provisions below.

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

X. CONFIDENTIALITY.

- A. **Client Information.** BROKER will not disclose to any third party any of CLIENT'S confidential information, protected tangible or intangible property rights, intellectual property, or trade secrets ("Client Information") that are obtained in the course of providing SERVICES to CLIENT and that are marked or stamped by CLIENT as "confidential." Nothing in this AGREEMENT is intended to preclude BROKER from disclosing Client Information in the furtherance of insurance brokerage, risk management, risk transfer, employee benefits or other insurance related SERVICES or products provided by BROKER to CLIENT so long as such insurers and financial institutions are informed of the confidential nature of such information. This information may include information relevant to the underwriting and/or evaluation of the CLIENT'S risks and the processing of claims.
- B. **Confidential Information.** The services and work product exchanged by the PARTIES under this AGREEMENT are to be used exclusively to carry out the terms, conditions, and purposes set forth herein. The PARTIES acknowledge that during the term of this AGREEMENT, they may each exchange information considered confidential, proprietary and/or trade secret including, without limitation, data, recommendations, proposals, reports and similar information, Client Information (as defined above), and work product (collectively, "CONFIDENTIAL INFORMATION"). For purposes of this AGREEMENT, the party disclosing CONFIDENTIAL INFORMATION shall be called the DISCLOSING PARTY and the party receiving CONFIDENTIAL INFORMATION shall be called the RECIPIENT PARTY. The PARTIES understand and agree that they will not distribute, use, or rely upon CONFIDENTIAL INFORMATION received from the other without the permission of the DISCLOSING PARTY.
1. **Ownership.** Except as otherwise provided in this AGREEMENT, CONFIDENTIAL INFORMATION is and remains the absolute and exclusive property of the DISCLOSING PARTY and/or its affiliates, and is its unique and variable asset. Unless otherwise authorized by this AGREEMENT, no copies of CONFIDENTIAL INFORMATION shall be made without the written permission of the DISCLOSING PARTY. The PARTIES agree that, except as otherwise provided herein, they will not directly or indirectly communicate, divulge, or otherwise disclose any of the other's

CONFIDENTIAL INFORMATION to any unauthorized person, firm, or corporation, and shall prevent, to the best of their ability, the unauthorized disclosure of such CONFIDENTIAL INFORMATION to others.

2. **Exclusions.** The following types of information shall not be considered confidential:

(a) Information in the public domain or that becomes a part of the public domain, other than as a result of a breach of the confidentiality provisions of this AGREEMENT;

(b) Information that is independently developed by either PARTY as demonstrated by the PARTY'S records;

(c) Information that is disclosed by a third party whom the RECIPIENT PARTY has no reason to believe has any confidentiality or fiduciary obligation to the owner of such information; or

(d) Information that is required to be disclosed by law or judicial process, provided the disclosing party gives the non-disclosing party prior notice of subpoena or request for information so that the non-disclosing party can seek a protective order, or other appropriate injunctive relief.

C. **Reasonable Efforts.** The PARTIES agree to employ reasonable and customary business practices to protect and secure both CLIENT INFORMATION and CONFIDENTIAL INFORMATION from unauthorized release or distribution and to limit access and usage of such information to those employees, officers, agents, and representatives who "need to know" in order to provide the products and SERVICES under this AGREEMENT. The PARTIES further agree that those employees, officers, agents, and representatives who are privy to CLIENT INFORMATION and/or CONFIDENTIAL INFORMATION shall be informed about the confidential nature of the information and required to maintain its confidentiality as provided under this AGREEMENT.

D. **Survival.** The PARTIES agree that the obligations contained herein shall survive the termination of this AGREEMENT, for a period of two (2) years, to the extent allowed by law.

XI. DISASTER RECOVERY; CONTINUITY.

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

XII. ETHICS AND CONFLICT OF INTEREST STATEMENT.

BROKER shall conduct its business so as to fulfill all legal and ethical requirements, and standards of the industry and the applicable state(s) in which SERVICES are rendered, and shall place the best interests of CLIENT ahead of any other concerns in the placement of insurance services and products. To this end, BROKER:

- A. Shall adhere to its ethical obligations to CLIENT to deliver honest, competitive, and meaningful service and advice on the placement of any insurance products, services, or coverages, and to provide access to an open, fair, and competitive insurance market place;
- B. Shall exercise due diligence in making a full and complete disclosure of all quotes and declinations from all markets contacted for each specific line of coverage, including the date and time of contact and the name, address, phone number and, to the extent available, email address of the individual contact for each market;
- C. Shall make every good faith attempt to avoid even the appearance of a conflict of interest between the BROKER, CLIENT, and any provider of any insurance product or service, and shall promptly notify CLIENT of any real or potential conflict of interest;
- D. Agrees to provide to CLIENT a copy of BROKER'S own Ethics Statement or Code, or BROKER'S Compliance Statement, or to make such statements available on the BROKER'S website; and
- E. Shall require that all insurance carriers show any commission rates on their insurance policies and ensure those rates are known to CLIENT;

XIII. TERM.

The term of this AGREEMENT shall be effective from July 1, 201~~8~~⁵ and ending 12:01 a.m. June 30, 20~~21~~¹⁸ (three years), unless cancelled pursuant to termination provisions set forth herein. CLIENT shall have an option to extend this AGREEMENT for two additional one-year periods, exercisable by CLIENT by notifying BROKER of such extension ninety (90) days prior to the anniversary date. This AGREEMENT shall have an anniversary date each July 1st, for the purpose of reviewing COMPENSATION and optional extensions.

XIV. TERMINATION.

This AGREEMENT may be cancelled by either PARTY any time upon ninety (90) days' advance written notice delivered or mailed to the other PARTY in accordance with the notice provisions set forth herein. BROKER will assist CLIENT in arranging a smooth transition to another broker, including, but not limited to, providing CLIENT with copies of all products, files, records, computations, quotations, studies and other data prepared or obtained in collection with this AGREEMENT which copies shall become the permanent property of the CLIENT. Except for this transition assistance, BROKER'S

obligation to provide services to CLIENT will cease at 12:01 a.m. upon the effective date of termination or expiration.

XV. NONASSIGNABLE.

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

XVI. RELATIONSHIP OF THE PARTIES.

At all times and for all purposes, the relationship between the PARTIES is intended to be that of independent contractors and there is no intent to create a joint venture relationship. Any person representing BROKER shall be an independent contractor to CLIENT, and the AGREEMENT shall not in any way be construed as a contract of employment between CLIENT and BROKER'S agents. In addition, the PARTIES agree that, except as otherwise provided herein, CLIENT shall not be obligated for any expense incurred by BROKER in rendering SERVICES, or by engaging in any other transaction or conduct arising out of this AGREEMENT.

XVII. OWNERSHIP OF BOOKS AND RECORDS.

The PARTIES shall each maintain normal business records related to all business generated under this AGREEMENT. Upon reasonable request, and subject to the confidentiality provisions set forth herein, the PARTIES may each obtain from the other copies of all policyholder documents, including but not limited to policies, binders, certificates, endorsements, underwriting submissions/applications, and loss data in the other's possession, custody, or control with respect to all business generated under this AGREEMENT.

XVIII. INDEMNIFICATION.

- A. BROKER agrees to hold harmless and indemnify CLIENT at all times against any claims, costs, expense, liability, obligation, loss or damage (including reasonable legal fees and costs) of any nature, incurred by or imposed upon CLIENT and based upon any errors or omissions of BROKER, its agents or employees, with respect to the services provided by BROKER under this Agreement, unless the error or omission arises from BROKER'S reliance on information provided by CLIENT or from BROKER'S following instructions from CLIENT. In the event that CLIENT tenders its defense in any such claim to BROKER, and BROKER accepts such tender, the defense of CLIENT shall be conducted by counsel selected by BROKER and approved by CLIENT, and paid by BROKER.

- B. CLIENT agrees to indemnify and hold harmless, reimburse and defend BROKER at all times against any claims, costs, expense, liability, obligation, loss or damage (including reasonable legal fees and costs) of any nature, incurred by or imposed upon BROKER and based upon any errors or omissions of CLIENT, under this Agreement, unless the error or omission arises from CLIENT'S reliance on information provided by BROKER.

XIX. NOTICE.

All notices, requests, and other communications given under this AGREEMENT, shall be in writing and deemed duly given: (a) when delivered personally to the recipient; (b) one (1) business day after being sent to the recipient by reputable overnight courier service (charges prepaid); (c) five (5) business days after being sent by U.S. certified mail (charges prepaid); or (d) one (1) business day after being sent to the recipient by fax or email transmission. Except as otherwise provided herein, all notices, requests or communications under this AGREEMENT shall be addressed to the intended recipient as set forth below:

To CLIENT:
ERMA
c/o Bickmore Risk Services, Inc
1750 Creekside Oaks Drive, Ste. 200
Sacramento, CA 95833
Attn.: Jennifer Jobe
Fax: (916) 244-1199
jjobe@bickmore.net

To BROKER:
Alliant Insurance Service, Inc.
100 Pine Street, 11th Floor
San Francisco, CA 94111
Attn.: Seth Cole
Fax. (415) 402-0773
scole@alliant.com

XX. WAIVER.

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

XXI. ENTIRE AGREEMENT MODIFICATION.

This AGREEMENT contains the entire agreement between the PARTIES and supersedes and replaces all previous agreements or contracts on the subject matter described herein. The AGREEMENT can be modified only by a written amendment signed by both PARTIES. This AGREEMENT shall be governed by the laws of the State of California without regard to any conflict of law provisions.

XXII. SEVERABILITY.

If any term, covenant, condition, or provision of this AGREEMENT is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions shall remain in full force and effect and shall in no way be affected, impaired, or invalidated.

XXIII. APPLICABLE LAW.

This AGREEMENT has been executed and delivered in the State of California, and the validity, enforceability, and interpretation of any of its provisions shall be determined and governed by the applicable laws of this State.

XXIV. DISPUTE RESOLUTION.

Any dispute arising under the terms of this AGREEMENT that is not resolved within a reasonable period of time by authorized representatives of the PARTIES shall be brought to the attention of the Chief Executive Officer (or designated representative) of the BROKER and the President (or designee) of the CLIENT for joint resolution. At the request of either PARTY, the CLIENT shall provide a forum for discussion of the disputed item(s). If resolution of the dispute through these means is unsuccessful, upon the PARTIES' mutual agreement such dispute may be submitted to final and binding arbitration, or either PARTY may elect to and pursue any rights and remedies by legal action. In any dispute arising out of or under the terms of this AGREEMENT, the prevailing PARTY shall be entitled to recover its legal fees and costs from the other PARTY to the extent allowed by applicable law. Any such arbitration or legal action shall be venued in Sacramento, California, unless the PARTIES mutually agree in writing to another location.

Despite an unresolved dispute, the BROKER shall continue without delay to perform its responsibilities under this AGREEMENT. The BROKER shall keep accurate records of its SERVICES in order to document the extent of its SERVICES under the SCOPE OF SERVICES of this AGREEMENT.

XXV. HEADINGS AND CONSTRUCTION.

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

XXVI. BROKER OF RECORD.

CLIENT hereby engages and designates BROKER as its exclusive insurance broker of record to present risks of CLIENT and its participating members to insurance and

reinsurance markets, with the objective of presenting to the officer(s) and committee(s) designated by CLIENT an insurance proposal, which is appropriate, considering factors such as cost, coverage, and continuity, in compliance with the terms, conditions, and warranties in this AGREEMENT.

IN WITNESS WHEREOF, CLIENT and BROKER have hereby executed this AGREEMENT on this ____ day of _____.

EMPLOYMENT RISK
MANAGEMENT AUTHORITY

By: _____

Scott Ellerbrock, President

ALLIANT INSURANCE
SERVICES, INC.

By: _____

Michael Simmons Vice Chairman – PE

ADDENDUM A

Team Coordinator:

* Michael Simmons \$ 215

Account Manager

* Seth Cole \$ 185

* Denotes KEY PERSONNEL

ADMINISTRATIVE MATTERS

SUBJECT: Sampson, Sampson & Patterson, LLP Financial Audit Agreement

BACKGROUND AND STATUS:

Sampson, Sampson & Patterson, LLP (Sampson) has provided independent financial auditing services to ERMA since 2003. The most recent financial audit prepared for the year ended June 30, 2017, was presented at the November 6, 2017, Board of Directors meeting. As ERMA's current agreement with Sampson will expire with the completion of the audit presentation in November 2018, staff was directed to solicit a three-year renewal agreement with Sampson.

Attached for the Board's review and consideration is a renewal engagement letter for independent financial auditing services for years ending June 30, 2019, 2020, and 2021. Sampson has proposed fees for completion of audits as follows: 2019 - \$9,950; 2020 - \$10,200; and 2021 - \$10,500. The proposed fee schedule represents less than a 3% increase over previous years.

For reference, the fees for Sampson's services the past three years have been: 2016 - \$9,200; 2017 - \$9,450; and 2018 - \$9,700.

RECOMMENDATION:

Staff recommends the Board of Directors approve the three-year renewal agreement with Sampson, Sampson, & Patterson, LLP as presented.

REFERENCE MATERIALS ATTACHED:

- Letter of Engagement between Sampson, Sampson, & Patterson, LLP and ERMA, Effective July 1, 2018

January 22, 2018

Jennifer Jobe, Executive Director
Employment Risk Management Authority (ERMA)
1750 Creekside Oaks Dr., Suite 200
Sacramento, CA 95833

Dear Ms. Jobe and Board Members:

We are pleased to respond to your request for audit services to be provided to Employment Risk Management Authority (ERMA) for the years ended June 30, 2019 through June 30, 2021. We will audit the statement of net position, the statement of revenues, expenses, and changes in net position, and cash flows, including the related notes to the financial statements, which collectively comprise the basic financial statements of ERMA as of and for the years ended. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement ERMA's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to ERMA's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U.S. generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Claims Development Information

Audit Objectives

The objective of our audit is the expression of an opinion as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the *State Controller's Minimum Audit Requirements and Reporting Guidelines for California Special Districts* and will include tests of the accounting records of ERMA and other procedures we consider necessary to enable us to express an opinion. We will issue a written report upon completion of our audit of ERMA's financial statements. Our report will be addressed to the Board of Directors of ERMA. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add emphasis-of-matter or other-matter paragraphs. If our opinion on the financial statements is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or issue a report, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of ERMA's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ERMA's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that ERMA is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to ERMA or to acts by management or employees acting on behalf of ERMA. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures – Internal Control

Our audit will include obtaining an understanding of ERMA and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of ERMA's compliance with the provisions of applicable laws, regulations, contracts and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements and related notes of ERMA in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for designing, implementing, and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within ERMA from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting ERMA involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting ERMA received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that ERMA complies with applicable laws, regulations, contracts, and agreements and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or agreements, or abuse that we may report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's view on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Audit Administration, Fees, and Other

Our fee for the audit of the June 30, 2019 through 2021 financial statements of ERMA will be \$9,950, \$10,200 and \$10,500, respectively, including any out-of-pocket expenses. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. The above fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We will provide copies of our reports to ERMA; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

We appreciate the opportunity to be of service to ERMA and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign below and return it to us.

Very truly yours,

Sampson, Sampson & Patterson, LLP

RESPONSE:

This letter correctly sets forth the understanding of ERMA.

By: _____

Title: _____

Date: _____

ADMINISTRATIVE MATTERS

SUBJECT: Draft Resolution 2017-5, Establishing Guidelines Regarding Member Self-Insured Retentions

BACKGROUND AND STATUS:

The Board of Directors identified the need for an established set of guidelines regarding member self-insured retentions (SIR). Staff was directed to draft guidelines which outline instances wherein the Board of Directors may consider and elect to impose an increased SIR for existing members based upon factors such as, extraordinarily poor loss history or failure to comply with loss control services, training or auditing programs adopted by ERMA.

Attached for the Board's review is Draft Resolution 2017-5, Establishing Guidelines Regarding Member Self-Insured Retentions. The proposed resolution addresses instances wherein the Board may evaluate the assignment of an increased SIR and the associated parameters, including notifications to the Member, terms of an increased SIR, requests from the Member to return to a lower SIR, etc.

The proposed resolution seeks to work in concurrence with Resolution 2011-1, Establishing Target Performance Standards and Assistance Program, approved by the Board of Directors on November 14, 2011.

RECOMMENDATION:

Staff recommends the Board of Directors approve Resolution 2017-5, Establishing Guidelines Regarding Member Self-Insured Retentions, as presented.

REFERENCE MATERIALS ATTACHED:

- Draft Resolution 2017-5, Establishing Guidelines Regarding Member Self-Insured Retentions
- Resolution 2011-1, Establishing Target Performance Standards and Assistance Program

DRAFT RESOLUTION NO. 2017-5

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE EMPLOYMENT RISK
MANAGEMENT AUTHORITY ESTABLISHING GUIDELINES REGARDING
MEMBER SELF-INSURED RETENTIONS**

WHEREAS, pursuant to the ERMA mission statement, “The Employment Risk Management Authority is the premier authority for employment liability coverage protecting California public entities. ERMA reduces employment practices through its comprehensive, innovative training and resources”; and

WHEREAS, the Board of Directors and ERMA staff shall use this mission as the foundation for program decision-making and operations; and

WHEREAS, it is in the best interest of the Members of ERMA to ensure the financial stability of the ERMA program by requiring that all Members maintain an appropriate Self-Insured Retention for each Program Year of participation; and

WHEREAS, for purposes of Resolution No. 2017-5, the term, “Retained Limit” shall be used in place of “Self-Insured Retention” and shall mean the amount of claims arising out of an occurrence which will be paid directly by the Member; and

WHEREAS, the Board of Directors seeks to require that all Members actively participate in reducing their employment practices liability exposures; and

WHEREAS, compliance with all ERMA provisions is required of all Members under Article V, Section D, Paragraph 3 (f) of the ERMA Master Program Document which provides for the expulsion of a Member for “development of an extraordinarily poor loss history”; and

WHEREAS, compliance with all ERMA provisions is required of all Members under Article V, Section D, Paragraph 3 (i) of the ERMA Master Program Document which provides for the expulsion of a Member for “failure to comply with loss control services, training or compliance auditing programs adopted by ERMA”; and

WHEREAS, in accordance with Article II, Section A, Paragraph 3 (c) of the ERMA Master Program Document, “The Board of Directors may require a Member to increase its Retained Limit at the inception of a new Program Year by providing written notice of such change to the Member at least sixty (60) days prior to the increase.”; and

WHEREAS, in accordance with Resolution No. 2011-1, Establishing Target Performance Standards and Assistance Program, the Board of Directors seeks to establish a process for the quantifiable evaluation and notification of a required increase in the Retained Limits of Members who do not meet the standards established for compliance with the ERMA program.

NOW, THEREFORE, BE IT RESOLVED THAT: Based upon a loss history analysis and recommendations from ERMA staff and the Litigation Manager, the Board of Directors may identify Members who shall be required to increase their individual Retained Limits at the inception of a new Program Year.

BE IT FURTHER RESOLVED THAT: Information and recommendations provided to the Board of Directors by ERMA staff and the Litigation Manager for consideration of an increase of Retained Limits shall include:

- a. Member performance and/or participation improvement with regard to ERMA provisions;
- b. Member management follow-up to risk appraisal and/or management accountability; and
- c. Member management attitude and/or actions toward risk reduction and compliance with ERMA provisions.

BE IT FURTHER RESOLVED THAT: The Member will be required to follow-up and complete risk appraisal findings, achieve accountability goals and comply with ERMA participation provisions. At any time during the Retained Limits evaluation process, the Board may:

- a. Determine the Member has complied with participation and/or performance provisions;
- b. Continue assistance for a period of time to be determined on a case-by-case basis by the Board of Directors;
- c. Increase the Member's Retained Limits; or
- d. Expel the Member.

BE IT FURTHER RESOLVED THAT: Following the Member's compliance with participation and/or performance provisions, a request may be made to the Board of Directors to return to a lower Retained Limit. However, any such decrease shall be effective at the beginning of the Program Year following completion of a full Program Year at the increased Retained Limit.

BE IT FURTHER RESOLVED THAT: This resolution is in no way intended to limit the right of the Board of Directors to expel a Member for any reason listed in Article V, Section D, Paragraph 3 of the ERMA Master Program Document or any other provision of the ERMA Governing Documents, or take any other action as deemed appropriate in compliance with the Governing Documents. The Board of Directors may, in its discretion, utilize none, any, or all of the steps listed above. This resolution is intended to serve only as a guideline for the quantifiable evaluation and notification of an increase in Retained Limits to Members, if so determined by the Board of Directors.

This Resolution was adopted by the Board of Directors at a regular meeting of the Board on February 9, 2018, in Santa Cruz, California, by the following vote:

AYES _____
NOES _____
ABSTAIN _____
ABSENT _____

ATTEST:

PRESIDENT

BOARD SECRETARY

RESOLUTION NO. 2011-1

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE EMPLOYMENT RISK MANAGEMENT AUTHORITY
ESTABLISHING TARGET PERFORMANCE STANDARDS
AND ASSISTANCE PROGRAM**

WHEREAS, it is in the best interests of the Members of ERMA to ensure the financial stability of the ERMA program by requiring that all Members actively participate in reducing their employment practices liability exposures, and

WHEREAS, compliance with all ERMA loss control provisions is required of all Members under Article V, Section C, Paragraph 3(i) of the ERMA Master Program Document which provides for the expulsion of a Member for “Failure to comply with loss control services, training or compliance auditing programs adopted by *ERMA*”; and

WHEREAS, the Board of Directors seeks to establish a process for the evaluation of and notification to Members whose performance does not meet the standards established for compliance with ERMA’s loss control provisions and to assist those Members in improving their performance;

THEREFORE, BE IT RESOLVED THAT the process detailed below is intended to assist Members whose performance does not meet the standards listed below in order to improve Member performance.

A. Target Performance Standards

Annually or at the request of the Board, ERMA staff will review ERMA Members’ loss performance. If any Member’s performance meets any two (2) of the following targets, ERMA staff will conduct a detailed loss history analysis and make recommendations to the Board for the targeted assistance program:

1. Loss Ratio over 80% for two (2) program years using the past five years, not including the current program year, or
2. Injury Frequency Rate (IFR) (reportable claim count per \$100,000 payroll) more than twice the ERMA average for two (2) program years using the past five years, not including the current program year, or
3. Severity Rate (incurred claim cost per \$100,000 payroll) of more than twice the ERMA average for two (2) program years using the past five years, not including the current program year.

Based on the loss history analysis and recommendations from the Litigation Manager, the Board shall select the members for the assistance program.

B. Assistance Program

The Litigation Manager will notify the non-performing Member in writing of their loss history and of their inclusion by the Board in the targeted assistance program, and request the Member's participation in and willingness to resolve the performance issues. The assistance program conducted by ERMA staff may include some or all of the following steps:

1. Perform a Comprehensive Risk Appraisal which may include the following:
 - a. On-site interviews with management and other employees as necessary
 - b. Review of applicable policies
 - c. Perform other tasks, including if applicable, a confidential Employee Perception Survey in order to determine causes of loss performance.
2. ERMA staff will present the Risk Appraisal Report to the Board within six (6) months from the beginning of the assistance program. Reports shall include the following:
 - a. Performance progress with regard to targeted performance standards
 - b. Management follow-up to risk appraisal and/or management accountability goals
 - c. Management's attitude toward risk reduction
 - d. ERMA staff recommendations

C. Follow-up with Member

After presentation of the Report, staff shall conduct follow up meeting(s) with the Member Management Team to:

1. Discuss Risk Appraisal findings
2. Review Member performance
3. Facilitate goal setting for management accountability
4. Conduct follow up meetings as necessary.

If requested by the Board, staff will conduct a second Risk Appraisal approximately six (6) months after presentation of initial Risk Appraisal Report to the Board.

D. Post Assistance Program Performance Standards and Action

The Member will be required to follow-up and complete risk appraisal findings, achieve accountability goals and improve risk appraisal scores. At any time during the Assistance Program process, the Board may:

1. Determine that the Member has complied with program requirements.
2. Continue the assistance program for a period of time to be determined on a case-by-case basis by the Board.
3. Increase the Member's SIR
4. Expel the Member.

BE IT FURTHER RESOLVED THAT: This resolution is in no way intended to limit the right of the Board of Directors to expel a Member for any reason listed in Article V, Section C, Paragraph 3 (i) of the ERMA Master Program Document or any other provision of the ERMA Governing Documents, or take any other action as deemed appropriate in compliance with the Governing Documents. The Board may, in its discretion, utilize none, any, or all of the steps listed above. This resolution is intended to serve only as a guideline for the evaluation of and notification to non-complying Members, and to provide assistance to those Members if deemed advisable by the Board.

BE IT FURTHER RESOLVED THAT: Nothing in this resolution is intended to prevent the Board of Directors from conducting an assessment of a member; notwithstanding the fact these criteria are not met.

BE IT FURTHER RESOLVED THAT: Resolutions 2007-2 of the Board of Directors of ERMA Regarding an Evaluation of and Notification to Underperforming Members of Failure to Meet ERMA Target Performance Standards, original and as amended, are herewith cancelled.

This Resolution was adopted by the Board of Directors at a regular meeting of the Board on the 14th day of November, 2011, City of Sacramento, County of Sacramento, by the following vote:

AYES	<u>8</u>
NOES	<u>0</u>
ABSTAIN	<u>0</u>
ABSENT	<u>2</u>

By:



President, Board of Directors

ATTEST:



Board Secretary, Board of Directors

ADMINISTRATIVE MATTERS

SUBJECT: Draft Resolution 2017-4, Establishing a Policy for Reimbursement of Travel Expenses

BACKGROUND AND STATUS:

ERMA Resolution No. 1-99, Establishing a Policy for Reimbursement of Travel Expenses was approved by the Board of Directors on July 19, 1999. Due to changes in the both the overall economy and travel-related services, staff was directed to update the policy.

Attached for the Board's review is Draft Resolution 2017-4, Establishing a Policy for Reimbursement of Travel Expenses. The following proposed changes are included in Resolution 2017-4:

- Addition of "Internet access charges" as an approved expenditure.
- Addition of Ineligible expenses, including:
 1. Airline-related: Upgrade fees, excess baggage fees, in-flight charges, etc.
 2. Hotel-related: Health club fees, room upgrades, movie rentals, mini-bar usage, etc.
 3. Auto-related: Rental upgrades, accident insurance, parking tickets, traffic violations, personal auto expense other than mileage
 4. Personal services and/or products such as spa services, toiletries, tobacco or tobacco products, and/or marijuana or marijuana edibles and products
 5. Goods and/or services provided free of charge or paid for by another source

RECOMMENDATION:

Staff recommends the Board of Directors approve Resolution 2017-4, Establishing a Policy for Reimbursement of Travel Expenses, as presented.

REFERENCE MATERIALS ATTACHED:

- Draft Resolution 2017- 4, Establishing a Policy for Reimbursement of Travel Expenses

DRAFT RESOLUTION NO. 2017-4

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE EMPLOYMENT RISK MANAGEMENT AUTHORITY
ESTABLISHING A POLICY FOR REIMBURSEMENT OF TRAVEL EXPENSES

WHEREAS, members of the board of directors of the Employment Risk Management Authority, hereinafter Authority, are required from time to time to attend various conferences, meetings, seminars, and institutes which relate directly to the Authority's programs, policies, operations, and activities; and

WHEREAS, the Authority recognizes that attendance at such functions serves a vital forum for the exchange of ideas and methods in all areas of the risk management administration, presenting and receiving information, and advocating legislation for the benefit of the Authority; and

WHEREAS, the Authority encourages these activities; and

WHEREAS, in order that attendance at such functions be made possible without unreasonable personal or financial sacrifice, policies and procedures need to be established.

NOW, THEREFORE, BE IT RESOLVED that:

1. Resolution No. 1-99 is herewith cancelled.
2. Board members and alternates may be reimbursed for actual and necessary expenses incurred on authorized Authority business when travel exceeds 200 miles roundtrip. It is the responsibility of each member to accomplish the Authority's travel as economically as feasible. Appropriate expenditures for reimbursement include the following:
 - a. Airfare
 - b. Registration
 - c. Lodging
 - d. Meals
 - e. Tips*
 - f. Taxi fare
 - g. Car rental
 - h. Parking fees
 - i. Toll bridges
 - j. Fuel
 - k. Business calls
 - l. Home phone calls**
 - m. Internet access charges

* In the range of 15%, but no more than 15%.

** One phone call per day to residence is generally adequate except in family emergencies.

Upgrading of regular or coach travel is permissible at the individual's own expense; however, the total reimbursement of the transportation cost between two points of travel will be no more than coach air fare.

Ineligible expenses or non-conference related costs include the following:

- a. Airline-related: Upgrade fees, excess baggage fees, in-flight charges, etc.
 - b. Hotel-related: Health club fees, room upgrades, movie rentals, mini-bar usage, etc.
 - c. Auto-related: Rental upgrades, accident insurance, parking tickets, traffic violations, personal auto expense other than mileage
 - d. Laundry service (for conferences of less than a three-day duration)
 - e. Non-Authority related phone calls
 - f. Personal services and/or products such as barber, hairdresser, spa services, toiletries, tobacco or tobacco products, and/or marijuana or marijuana edibles and products
 - g. Goods and/or services provided free of charge or paid for by another source
3. The cost of meals and miscellaneous expenses should normally not exceed \$60 per day.
 4. Board members or alternates attending Authority business related meetings, conferences, seminars, etc. by automobile shall be reimbursed for mileage at the then current IRS rate.
 5. In the event Board members or alternates travel together in the personal automobile of one Board member or alternate, the owner of the personal vehicle will be reimbursed at the existing IRS rate for the mileage traveled.
 6. The Board or alternate will be paid the actual and necessary expense involved in the travel at the time of the filing of the expense claim. All Board members or alternates shall submit to the Administrator all necessary paperwork, including conference registration receipts, cash receipts, or charge account receipts for hotel, meals, transportation, etc.

This resolution was adopted by the Board of Directors at a regular meeting of the board held on February 9, 2018, in Santa Cruz, California by the following vote:

AYES _____
NOES _____
ABSTAIN _____
ABSENT _____

PRESIDENT

ATTEST:

BOARD SECRETARY

ADMINISTRATIVE MATTERS

SUBJECT: Consideration of Membership in the Association of Governmental Risk Pools (AGRiP)

BACKGROUND AND STATUS:

The Association of Governmental Risk Pools (AGRiP) is an association comprised of JPAs across the nation. Access to AGRiP's varied resources could prove beneficial to the ERMA membership.

The resources listed below are available to AGRiP members:

- Member registration rates for all AGRiP conferences, webinars, and events
- Members' only access to the Cybrary, PR Toolkit, and other resources
- Invitation to apply for AGRiP Recognition and access to Advisory Standards
- Participation in and access to unique comparative tools, such as compensation reports and financial benchmarking tools surveys
- Ability to post job vacancies and pool RFPs on the AGRiP website
- Regular eNews updates and direct outreach about important issues

ERMA will apply to AGRiP under a Pool-Affiliate Membership, as a member of the California Association of Joint Powers Authorities (CAJPA). Affiliate Members do not have voting rights, but have all other rights granted to members.

The estimated membership fee is calculated in the attached dues worksheet, and totals \$1,122

RECOMMENDATION:

Staff recommends the Board of Directors approve ERMA's membership and participation in AGRiP.

REFERENCE MATERIALS ATTACHED:

- Estimated Membership Dues Worksheet



CAJPA Membership Dues Worksheet

Thank you for choosing AGRiP! Please follow the instructions below to calculate your annual dues.

Instructions:

- 1.) Please enter the information requested in the three boxes below
(all other information will be calculated automatically)
- 2.) Please respond via email with the most recent audited financial statements to billing@agrip.org
- 3.) AGRiP will process your invoice and email it to your billing representative for payment

Enter Pool Name:	Employment Risk Management Authority (ERMA)						
Enter Date of Financials:	6/30/2017		Rate:				
Enter Total Assets:	\$ 25,764,070.00	x	0.000058	=		\$ 1,494.32	
					Flat Fee:	\$ 750.00	
					CAJPA Discount:	-50%	
					Sub-total (Capped at \$3,555.00):	\$ 1,122.16	
					Total Membership Dues:	\$ 1,122.16	

ADMINISTRATIVE MATTERS

SUBJECT: Review of ERMA Website

BACKGROUND AND STATUS:

At the May 16, 2017, meeting, the Board of Directors approved funds for the development of a new ERMA website. The updated website utilizes an improved platform, with a primary focus on ease of use, access to simplified content and improved aesthetics.

The Board of Directors viewed the updated website at the November 6, 2017, meeting and expressed concerns regarding public versus members only access to various documents, specifically ERMA agenda packets. Staff was directed to re-evaluate use of the member portal for posting of agenda packets and present to the Board for future consideration.

As requested, staff conducted additional research and review of the California Government Code to ensure ERMA's substantial compliance with open meeting laws in relation to posting and public accessibility to agenda packets. Further, Greg O'Dea, Board Counsel, provided an opinion regarding this matter, as follows:

“A review of the various government code sections leads to the conclusion that 1) agenda packets must be made available upon request, 2) agenda packets must be mailed to the requester if requested to be mailed and 3) agenda packets provided to a majority of the governing body less than 72 hours before a meeting must be made available for inspection at a public location. There is no section that states that an agenda packet provided to the governing body 72 hours or more before a meeting must be provided or made available for inspection at a public location in the absence of a request.

GC 54594.1 provides that upon receipt of a written request, an agenda and documents in the agenda packet must be mailed to the requester at the time the agenda is posted or upon distribution to all or a majority of the body, whichever occurs first.

GC 54954.2 provides for posting of the agenda, containing a brief description of each item of business, at least 72 hours before the meeting.

GC 54957.5 provides that agendas and writings provided to all or a majority of a body are disclosable public records and "shall be made available upon request without delay." If distributed less than 72 hours before the meeting, the packet shall be made available for public inspection at a public office or a location designated for that purpose. The writings may also be posted on the agency website. Writings distributed during a meeting shall be made available during the meeting.”

ERMA
BOARD OF DIRECTORS MEETING
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As ERMA regularly provides the agenda packet at least 72 hours prior to a meeting, there is no requirement the agenda packet be made publicly available in the absence of a request. In addition, the following language in each ERMA agenda states, “*Documents and materials relating to an open session agenda item that are provided to the ERMA Board of Directors less than 72 hours prior to a regular meeting will be available for public inspection at 1750 Creekside Oaks Dr., Suite 200, Sacramento, CA 95833.*”

Additionally, the ERMA agenda template has been updated to ensure agenda items include a detailed description of each item of business as well as a detailed recommendation of any necessary action.

Mr. O’Dea’s opinion included a recommendation regarding the use of statements on the website that certain agenda related information provided in connection with an open meeting is confidential. As such, staff has updated language throughout the website to reflect this recommendation.

RECOMMENDATION:

Staff recommends the Board of Directors approve the launch of the updated ERMA website.

COVERAGE MATTERS

SUBJECT: Excess Coverage and Marketing Strategy for the 2018/19 Program Year

BACKGROUND AND STATUS:

For the past eight program years, ERMA has purchased excess coverage from RSUI providing limits of \$1 million per claim, \$2 million per member aggregate with a \$10 million policy aggregate.

In order to ensure current pricing and coverage is in line with the market, the Board directed Alliant Insurance Services (Alliant) and staff to work together to market the excess placement for the 2018/19 Program Year. As such, the renewal process will be more involved and will require a renewal application from the members who participate in the excess placement. Staff has begun the process of collecting the required data and will continue to work with Alliant so preliminary pricing and rates may be provided at the May 1, 2018, Board of Directors meeting.

Attached is Alliant's 2017/18 marketing report for the Board's review.

Mike Simmons, Alliant, will be in attendance to discuss ERMA's excess coverage placement for the 2018/19 Program Year.

RECOMMENDATION:

None.

REFERENCE MATERIALS ATTACHED:

- 2018/19 Program Year Marketing Report of Excess Liability Coverage

January 19, 2018

Jennifer Jobe, Executive Director
ERMA c/o Bickmore
1750 Creekside Oaks Drive, Suite 200
Sacramento, CA 95833

ERMA 2018/19 Program Year Marketing Report of Excess Liability Coverage

Dear Jennifer:

ERMA's excess liability coverage will renew on July 1, 2018. Although much can happen in the next several months, the purpose of this letter is to provide you and the ERMA Board with Alliant's *current* thoughts on the insurance market and our renewal marketing strategy for the 2018/19 Program Year.

Sexual Misconduct allegations have dominated the headlines, especially in the entertainment and sports based industries, which will empower others to be comfortable speaking out. There is sympathy and support from the general public, and alleged harassers are almost to be treated guilty as charged until proven otherwise (i.e., the court of public opinion has become a factor). The **#metoo** movement is picking up momentum. All of this leads to increased employment practices liability claims, litigation, defense and settlements. It's too early to tell how this may impact the employment practices liability insurance market, but we expect it will become a factor for carriers when underwriting renewals.

We discussed the upcoming renewal with RSUI and do not envision any issues this year, however, after discussing the renewal with Bickmore staff and the direction given by the Board last year at this time, we believe it would be prudent to market the excess placement for the 2018/19 Program Year to ensure the current pricing and coverage is in line with the market.

The renewal process will be more involved this year and will require a renewal application from the members who participate in the excess placement. Bickmore staff has already begun the process of collecting the renewal data from members to keep us on track to have preliminary numbers at the May Board meeting.

Currently, RSUI provides \$1,000,000 in limits Each Claim Per Member with a \$2,000,000 Per Member Aggregate and \$10,000,000 Policy Aggregate excess of ERMA's Retained Limit of \$1,000,000. With the addition of several new members at the last renewal, we would recommend ERMA consider a higher Policy Aggregate and explore options for higher Each Claim limits as appropriate.

Mike Simmons will be presenting information to the Board on February 9th and answering any questions that you or the Board may have.

Sincerely,



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

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

COVERAGE MATTERS

SUBJECT: Recommended Self-Insured Retention Increases

BACKGROUND AND STATUS:

As presented under a previous agenda item, the Board of Directors wishes to establish guidelines regarding member self-insured retentions (SIR). These guidelines are to be established to aid in the Board’s quantifiable evaluation and notification of an increase to a Member’s SIR as a result of extraordinarily poor loss history or failure to comply with loss control services, training or auditing programs adopted and established by ERMA.

The Board of Directors identified two specific areas in which reviews were conducted to evaluate the need for a recommendation to increase Member’s current SIRs. These include the following:

Analysis of Members’ Current SIRs - Staff conducted an analysis that compared budget data (2016 payroll, Current SIR and SIR per ERMA Underwriting Guidelines) to target ratio calculations (2011/12 through 2015/16). The analysis was expanded to consider loss history, current and/or prior recommendations for risk assessments and information provided by ERMA’s Litigation Manager regarding overall Agency management and organization, cause of claims, etc.

Of the nine (9) Members reviewed by staff using the parameters outlined above, one (1) Member, the City of West Hollywood, is recommended for an SIR increase from \$100,000 to \$250,000, effective July 1, 2018. The City of West Hollywood has as well, failed to complete the Policy Review Survey.

Staff will continue to monitor and evaluate the remaining eight (8) Members and provide the Board with any necessary future updates and/or recommendations.

Failure to Comply with ERMA Programs - ERMA Members were asked by the Board of Directors to respond to the Policy Review Survey in July, 2017. Members were advised adherence to the Board’s request was mandatory, as an established ERMA program. Numerous attempts were made by both staff and the primary pool Administrators in an effort to gain full compliance. To-date, the following nine (9) Members have not provided a response to the survey and are therefore recommended for SIR increases, effective July 1, 2018:

Member Agency	Current SIR	Recommended SIR
Amador, City of (PARSAC)	\$25,000	\$50,000
Belvedere, City of (PARSAC)	\$25,000	\$50,000
Nevada City, City of (PARSAC)	\$25,000	\$50,000
Pacifica, City of (MPA)	\$50,000	\$75,000
San Juan Bautista, City of (PARSAC)	\$25,000	\$50,000
Union City, City of (BCJPIA)	\$75,000	\$100,000
Walnut Creek, City of (MPA)	\$50,000	\$75,000
West Hollywood, City of (PARSAC)	See	Above
Wildomar, City of (PARSAC)	\$25,000	\$50,000

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BOARD OF DIRECTORS MEETING
February 9, 2018

The Ad Hoc Training Committee has reviewed and discussed the list of Members who have not complied with the Board's request to complete the Policy Review Survey. Staff recommends the Board provide direction to issue letters of notification to the above listed Members advising of the Board's decision to increase SIRs effective July 1, 2018. Should a Member respond to the survey by March 31, 2018, the notice may be rescinded and the Member's SIR will remain at the current level.

RECOMMENDATION:

Staff recommends the Board of Directors approve SIR increases for the following Members: City of West Hollywood to \$250,000; City of Amador to \$50,000; City of Belvedere to \$50,000; City of Nevada City to \$50,000; City of Pacifica to \$75,000; City of San Juan Bautista to \$50,000; City of Union City to \$100,000; City of Walnut Creek to \$75,000; and the City of Wildomar to \$50,000, effective July 1, 2018. All recommendations for SIR increases due to "Failure to Comply with ERMA Programs" may be rescinded if the Member complies with the Board of Director's request to complete the Policy Review Survey by March 31, 2018.

COVERAGE MATTERS

SUBJECT: City of Susanville Appeal of Denials of Coverage and Late Reporting Penalties

BACKGROUND AND STATUS:

The City of Susanville untimely reported three Equal Employment Opportunity Commission claims in June and July 2017. In accordance with ERMA's Memorandum of Coverage, these claims were subsequently denied.

Pursuant to ERMA's Master Program Document, the Litigation Manager has the following discretion with respect to determining whether a claim has been timely filed with ERMA:

The Litigation Manager shall:

- (w) Determine, using reasonable discretion and based on the particular facts and circumstances, whether a claim has been timely reported to ERMA as a condition precedent to coverage under the Memorandum of Coverage; provided, however, the Litigation Manager shall have no discretion to accept as timely any of the following claims reported after 30 days: notice from the U.S. Equal Employment Opportunity Commission, the California Department of Fair Employment and Housing or any other state or federal Government agency to which an Employee has made a *Claim*; a Government claim; or a civil lawsuit. The Litigation Manager's decision may be appealed to the Board of Directors;

ERMA's 2017/18 Memorandum of Coverage, includes a late reporting clause and a penalty provision. These late reporting provisions are as follows:

Section VII – Conditions 1.

- (B) Any Claim, except one which the Litigation Manager has discretion to accept, which is not reported to the Authority within 30 days, as required by subsection (A) herein, shall be considered untimely and shall be denied.

The Covered Party may appeal the denial of such Claim to the Authority's Board of Directors in accordance with the appeal procedure set forth in Section 7 below. The Board shall consider the following factors in its determination of the appeal:

- (i) Late reported Claims are strongly disfavored. Relief from denial of coverage for a Claim reported more than 90 days late shall not be granted absent extraordinary circumstances as determined by the Board in its sole discretion.
- (ii) An appeal based on the Covered Party's lack of familiarity with the definition of a Claim and/or its obligation to timely report the Claim to the Authority shall be strongly disfavored, since the Covered Party is responsible for understanding the definition of a Claim and adhering to the reporting requirements set forth herein.
- (iii) An appeal based on the absence of the employee designated by the Covered Party as responsible for reporting Claims must be verified, and the employee must have been absent during the entire time the Claim was not reported.

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BOARD OF DIRECTORS MEETING
February 9, 2018

- (iv) An appeal of any late-reported Claim which the Board, in its sole discretion, determines may result in any financial or other prejudice to the Authority shall be denied regardless of any provision set forth herein or any other basis for the appeal.

Each appeal shall be considered on its own merits, and the Board's decision on any one appeal shall not establish any precedent for future appeals.

For all late-reported Claims for which the Covered Party's appeal of the denial of coverage is granted, the Board shall increase the Covered Party's Retained Limit as follows:

PENALTY STRUCTURE

SIR	Penalty	Percentage of Penalty to SIR
\$25,000	\$6,250	25%
\$50,000	\$12,500	25%
\$75,000	\$18,750	25%
\$100,000	\$25,000	25%
\$250,000	\$37,500	15%
\$500,000	\$50,000	10%

The relief sought by the City of Susanville in regard to Wood v. City of Susanville; Bollinger v. City of Susanville; and Jones v. City of Susanville claims are based on the following mitigating circumstances:

- Change to Human Resources/Risk Management duties within the Administration Services Division.
- City employee who assumed Human Resources/Risk Management duties was unaware of ERMA's 30-day reporting period.
- The Litigation Manager has reviewed the context and procedural status of each of the claims, and has determined that, should the claims be accepted, the late reporting of the claim will not cause financial or other prejudice to the Authority.
- The City of Susanville has a \$25,000 SIR. Should the Wood, Bollinger and Jones claims be accepted, the potential increase to the City's Retained Limit is \$6,250 for each claim.

RECOMMENDATION:

Staff requests the Board of Directors provide direction as necessary.

REFERENCE MATERIALS ATTACHED:

- The City of Susanville's Appeal Letter from Ms. Deborah Savage, Finance Manager, dated January 17, 2018.



City of Susanville

(530) 252-5118 • 66 North Lassen Street • Susanville, CA 96130-3904

January 17, 2018

Employment Risk Management Authority
Board of Directors
Attn: Scott Ellerbrock, President
1750 Creekside Oaks Drive, Suite 200
Sacramento, CA 95833

RE: City of Susanville Denial of Claims

Mr. Ellerbrock,

This letter is our formal request for reconsideration in the denial of three claims the City of Susanville submitted in the matters of M. Wood, M. Bollinger and A Jones.

The City received three EEOC complaints in June and July of 2017 for dismissals based on religion, retaliation and sexual harassment. The City notified ERMA of the situation on Thursday, November 16, 2017. This late notification was due to a change in the SCORE representation as of October 2017. I attended my first SCORE meeting on Friday, October 27, 2017. During that meeting a comment was made concerning the 30 day limit on reporting claims to ERMA. When I returned to work I had discussions with our Interim City Administrator Dan Newton (Mr. Newton was appointed Interim City Administrator on October 13, 2017 replacing Mr. Jared G. Hancock) about the 30 day deadline and inquired if the City had made the proper notifications for these claims. Upon further investigation, it was discovered that due to the change in HR/Risk Management duties within our Administrative Services Division and the lack of continuity in the position, the employee assuming these duties was unaware of the 30 day time limit. We are also unaware of any claims made during the last 15 years that would have given timelines and knowledge of procedures to follow.

The City has already made their responses to the EEOC for all three complaints under the time limits set by the notification process.

Given the reasoning above, we ask that you consider granting our request for claim submission with our understanding that late submission will be penalized.

Thank you for your consideration.

Regards,

Deborah Savage
Finance Manager

Kathie Garnier
Mayor
Joseph Franco
Mayor pro tem

Councilmembers:
Mendy Schuster
Kevin Stafford
Brian Wilson

FINANCIAL MATTERS

SUBJECT: Investment Performance Review Presented by Public Asset Management LLC

BACKGROUND AND STATUS:

On an annual basis, an update on the investment activities related to the ERMA investment portfolio is provided to the Board of Directors.

Lesley Murphy, Senior Managing Consultant with Public Asset Management LLC (PFM), will be in attendance to provide the Board with a review of the ERMA portfolio, as well as a brief update on current market conditions.

RECOMMENDATION:

None.

FINANCIAL MATTERS

SUBJECT: Annual Review and Approval of Investment Policy

BACKGROUND AND STATUS:

ERMA's Investment Policy is reviewed on an annual basis and was last reviewed and changes were approved in February 2017.

The Policy has been reviewed by ERMA's investment manager, Lesley Murphy, Senior Managing Consultant with Public Asset Management LLC (PFM). Ms. Murphy is recommending slight changes to be made to the Policy as detailed in her Memorandum to Nancy Broadhurst, ERMA Finance Manager. Both the memorandum and the proposed amended Investment Policy are attached for the Board's review.

It should be noted the Investment Policy contains a provision stating the Treasurer is authorized by ERMA to manage ERMA's investment needs and the delegation of authority shall be made annually. This is accomplished through the annual approval of the Investment Policy.

Staff and ERMA's Treasurer, John Gillison, have both reviewed the proposed amended Policy and are in agreement with the suggested changes.

Ms. Murphy will be in attendance to guide the Board through the suggested changes.

RECOMMENDATION:

Staff recommends the Board of Directors approve the Investment Policy, as amended.

REFERENCE MATERIALS ATTACHED:

- Memorandum from Lesley Murphy regarding changes to the current ERMA Investment Policy
- Proposed Amended Investment Policy with changes shown in red-line/strikeout text



January 10, 2018

Memorandum

To: Nancy Broadhurst, ARM, Director, Finance and Accounting Services
Employment Risk Management Authority (the "Authority")

From: Lesley Murphy, Senior Managing Consultant
PFM Asset Management LLC

Re: Annual Investment Policy Review

We have reviewed the Authority's Investment Policy (the "Policy"). The Policy is in compliance with all applicable California Government Code ("Code") statutes regulating the investment of public funds, and there have been no recent changes to the relevant Code statutes that would require the Authority to update its Policy. However, we are recommending several minor changes to the Policy, which are described in more detail below.

Eligible Securities and Criteria:

Local Government Investment Pools: We recommend adjusting the language in this section to exactly mirror Code language with respect to the securities and obligations authorized by California Government Code 53601 and, therefore, permitted for investment by a local government investment pool.

Appendix A - Glossary:

Money Market Funds: We recommend deleting the phrase, "and seek to maintain a constant net asset value of \$1.00 per share" since certain types of money market funds are no longer required to maintain a net asset value of \$1.00 per share.

Background:

- The Securities and Exchange Commission ("SEC") money market reforms took effect in October 2016. Several of the key reforms are as follows:
 - Prime (non-governmental) money market funds are required to use a floating net asset value ("NAV"). This means that the share price for these money market funds will no longer be fixed at \$1.00 but will fluctuate based on current market values of fund holdings. Government funds, however, will not be required to use a floating net asset value.



- Prime and government funds may institute liquidity fees and/or redemption gates under certain conditions if the board determines they are in the best interest of the fund.

Since the Authority is not currently utilizing money market funds and there have been no changes made to California Government Code with regards to the use of money market funds, there is no need for the Authority to make any additional changes to its Policy with regards to money market funds at this time. However, we wanted to make you aware of these industry changes. Should the Authority choose to utilize money market funds in the future, it may want to restrict the use of money market funds to only stable NAV funds.

Please contact us if you have any questions.

6.2. INVESTMENT POLICY

EMPLOYMENT RISK MANAGEMENT AUTHORITY
INVESTMENT POLICY
Revised February 201~~8~~7

SCOPE

This investment policy applies to activities of the Employment Risk Management Authority (Authority) with regard to investing the Authority's financial assets.

OBJECTIVES

It is the objective of this policy to provide a system which will accurately monitor and forecast revenues and expenditures so that the Authority can invest funds to the fullest extent possible. Funds of the Authority will be invested in accordance with all applicable California Government Code sections and with sound treasury management principles. The primary objectives, in order of priority, of the Authority's investment program shall be:

1. Safety. Safety of principal is the foremost objective of the investment program. The Authority's investments shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio.
2. Liquidity. The Authority's investments will remain sufficiently liquid to enable the Authority to meet its reasonably anticipated cash flow requirements.
3. Yield. The Authority seeks to attain market rates of return on its investments, consistent with constraints imposed by law, its safety objectives, and its cash flow consideration.

DELEGATION OF AUTHORITY

The Treasurer is authorized by the Authority's Board of Directors to manage the investment needs of the Authority. This delegation of authority will be made annually. The Treasurer may delegate his/her investment decision-making and execution authority to an investment advisor. The advisor shall follow the investment policy, herein stated, and such other written instructions as are provided.

The Treasurer and the delegated staff acting in accordance with this Investment Policy and written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

PRUDENCE

The Treasurer is a fiduciary and shall manage the investment portfolio of the Authority under the Prudent Investor Standard which states, in essence, that “a trustee shall act with care, skill, prudence, and diligence under circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.” The application of this rule leaves open a broad spectrum of investment opportunities as long as the investment is deemed prudent and is permissible under currently effective legislation of the State of California and this policy.

ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

INTERNAL CONTROLS

The Treasurer shall establish a system of internal controls to regulate the activities of internal staff and any external investment advisors, if any. No person may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the Treasurer.

REPORTING

The Treasurer shall submit a monthly report of investment transactions, if any, that is in accordance with California Government Code §53607. In addition, on a regular basis, the Treasurer shall provide the governing body with a report that shall disclose, at a minimum, the following information about the risk characteristics of Authority’s portfolio: A listing of Authority assets showing par value, cost, and market value of each security, type of investment, issuer name, credit quality, coupon rate, and yield to maturity at cost. This report shall also include a statement of compliance with the investment policy, including a schedule of any transactions or holdings which do not comply with this policy or with the California Government Code, if any, including a justification for their presence in the portfolio and a timetable for resolution, and a statement that the Authority has adequate funds to meet its cash flow requirements for the next six months.

These reports shall also contain any additional information as is requested by the governing body.

DELIVERY AND SAFEKEEPING

All trades, where applicable, will be executed by Delivery vs. Payment (DVP). This ensures that securities are deposited in the eligible financial institutions prior to the release of funds. All securities in the Authority’s portfolio shall be held in third party custody in the Authority’s name and control by a third party bank trust department, acting as agent for Authority under the terms of a custody agreement executed by the bank and the Authority. The only exception to the

foregoing shall be depository accounts and securities purchases made with: (i) local government investment pools; (ii) time certificates of deposit, and, (iii) money market mutual funds, since the purchased securities are not deliverable. Written evidence of each of these investments will be held by the Treasurer.

AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

Purchase and sale of securities shall be made on the basis of competitive bids and offers with a minimum of three quotes being obtained, when practical. It shall be the Authority's policy to purchase securities only from those authorized institutions and firms. No deposit of public funds shall be made except in a qualified public depository as established by state laws

The Treasurer shall maintain a list of authorized broker/dealers and financial institutions that are approved for investment purposes. At a minimum, the firm must be financially sound and have been in business a minimum of three years. In addition, the firms must provide: proof of Financial Industry Regulatory Authority ("FINRA") registration, trading resolutions, proof of state registration or exemption, and certificate of having read the Authority's investment policy. If an external investment advisor is authorized to conduct investment transactions on the Authority's behalf, the investment advisor may use their own list of approved broker/dealers and financial institutions for investment purposes.

ELIGIBLE SECURITIES AND CRITERIA

Security purchases and holdings must be maintained within statutory limits imposed by the California Government Code subject to any additional limitations imposed by this Investment Policy. In the event an apparent discrepancy is found between this Investment Policy and the Government Code, the more restrictive parameters will take precedence.

The portfolio shall be diversified by security type and institution to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions.

Percentage holding limits and minimum credit rating requirements listed in this section apply at the time the security is purchased. In the event a security held by the Authority is subject to a rating change that brings it below the minimum credit ratings specified in this Policy, the Authority shall require investment advisors engaged in the investment of Authority funds to notify Authority staff of the downgrade, and provide a plan of action to address the downgrade. The course of action to be followed will then be decided on a case-by-case basis, considering such factors as the reason for the change, prognosis for recovery or further rate drops, and the market price of the security.

Except as provided below, no more than five percent (5%) of the Authority's portfolio may be invested in any one institution, regardless of sector. The types of investments which are excluded from this limitation are:

- United States Treasury and federal agency obligations,
- Obligations of the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and the Inter-American Development Bank (IADB), and

- Money market funds and local government investment pools, including LAIF and CAMP.
- A. **U.S. Treasury Issues.** United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest. There is no limitation as to the percentage of the portfolio that may be invested in this category.
 - B. **Federal Agency Securities.** 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. There is no limitation as to the percentage of the portfolio that may be invested in this category. However, purchases of Federal Agency mortgage-backed securities issued by or fully guaranteed as to principal and interest by government agencies are limited to a maximum of 20 percent of the portfolio.
 - C. **Municipal Debt Issues.** Registered treasury notes or bonds of this or any of the other 49 United States, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of this state or any of the other 49 United States.

Bonds, notes, warrants, or other evidences of indebtedness of any local agency within this state, include bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

Purchases are limited to securities rated in a rating category of “A”, or its equivalent or better, by a Nationally Recognized Statistical Rating Organization (“NRSRO”).

- D. **Repurchase Agreements.** Repurchase agreements are to be used solely as short-term investments not to exceed 30 days. The Authority may enter into repurchase agreements with primary government securities dealers rated in a rating category of “AA” or its equivalent or better by an NRSRO. Counterparties should also have (i) a short-term credit rating of at least A-1/P-1; (ii) minimum assets and capital size of \$25 billion in assets and \$350 million in capital; (iii) five years of acceptable audited financial results; and (iv) a strong reputation among market participants.

The following collateral restrictions will be observed: Only U.S. Treasury securities or Federal Agency securities, as described in A and B above, will be acceptable collateral. All securities underlying repurchase agreements must be delivered to the authority’s custodian bank versus payment or be handled under a properly executed tri-party repurchase agreement. The total market value of all collateral for each repurchase agreement must equal or exceed 102 percent of the total dollar value of the money invested by the Authority for the term of the investment. For any repurchase agreement with a term of more than one day, the value of the underlying securities must be reviewed on an on-going basis according to market conditions. Market value must be calculated each time there is a substitution of collateral.

The Authority or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to repurchase agreement. The Authority shall have properly executed a Master Repurchase Agreement with each counter party with which it enters into repurchase agreements.

A maximum of 25 percent of the portfolio may be invested in this category.

- E. **Commercial Paper.** Commercial paper of “prime” quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or (2):

(1) (A) Is organized and operating in the United States as a general corporation. (B) Has total assets in excess of five hundred million dollars (\$500,000,000). (C) Has debt other than commercial paper, if any, that is rated in a rating category of “A” or its equivalent or higher, by an NRSRO.

(2) (A) Is organized within the United States as a special purpose corporation, trust, or limited liability company. (B) Has program wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond. (C) Has commercial paper that is rated "A-1" or higher, or the equivalent, by an NRSRO.

Eligible commercial paper shall have a maximum maturity of 270 days or less and not represent more than 10 percent of the outstanding paper of an issuing corporation. A maximum of 25 percent of the portfolio may be invested in this category.

- F. **Banker’s Acceptances.** Banker’s acceptances issued by domestic or foreign banks, which are eligible for purchase by the Federal Reserve System. Purchases of banker’s acceptances may not exceed 180 days maturity. Eligible banker’s acceptances are restricted to issuing financial institutions with short-term paper rated in the highest category by an NRSRO. Investments in banker’s acceptances are further limited to 40% of the portfolio.

- G. **Medium-Term Notes.** Medium-term notes, defined as all corporate and depository institution securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or depository institutions licensed by the United States or any state and operating within the United States. Eligible investment shall be rated in a rating category of “A” or its equivalent or better by an NRSRO. A maximum of 30 percent of the portfolio may be invested in this category.

- H. **Negotiable Certificates of Deposit.** Negotiable certificates of deposit (NCDs) issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally- or state-licensed branch of a foreign bank. Eligible negotiable certificates of deposit shall be rated in a rating category of “A” for long-term, “A-1” for short-term, their equivalent or better by an NRSRO. A maximum of 30 percent of the portfolio may be invested in this category.

- I. **Time Certificates of Deposit.** Time Certificates of Deposit (TCDs) placed with

commercial banks and savings and loans with offices in California. The amount on deposit shall not exceed the shareholder's equity in the financial institution. To be eligible for purchase, the financial institution must have received a minimum overall satisfactory rating for meeting the credit needs of California Communities in its most recent evaluation, as provided in Government Code Section 53635.2. TCDs are required to be collateralized as specified under Government Code Section 53630 et. seq. The Treasurer, at his discretion, may waive the collateralization requirements for any portion that is covered by federal insurance. The Authority shall have a signed agreement with the depository per Government Code Section 53649. TCDs may not exceed 1 year in maturity. A maximum of 20 percent of the portfolio may be invested in this category.

- J. **State of California Local Agency Investment Fund ("LAIF").** The Authority may invest a portion of its portfolio in LAIF, subject to the statutory deposit limit imposed by LAIF, which is currently \$65 million. Whenever the Authority has any funds invested in LAIF, a copy of LAIF's Answer Book shall be maintained on file for due diligence. In addition, the Treasurer should review the LAIF's summary portfolio holdings on a quarterly basis.
- K. **Money Market Mutual Funds.** 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.) that invests solely in U.S. Treasuries and Federal Agency obligations and repurchase agreements relating to such obligations.

The Authority may invest in shares of beneficial interest issued by company shall have met either of the following criteria: (1) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs. (2) 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 any commission that the companies may charge. A maximum of 20 percent of the portfolio may be invested in this category. Further, no more than 10 percent of the portfolio may be invested in the shares of any one money market fund.

- L. **Local Government Investment Pools.** Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) through ~~(o), inclusive, and~~ (q), inclusive, of Government Code Section 53601. For due diligence, the Treasurer shall maintain on file a copy of the pool's current Information Statement. Investments are limited to pools that seek to maintain a stable Net Asset Value. There is no limitation as to the percentage of the portfolio that may be invested in this category.
- M. **United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction**

and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB) (also referred to as “U.S. Instrumentalities”), with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of “AA” or its equivalent or better by an NRSRO. Purchases of these obligations shall not exceed 30 percent of the portfolio.

- N. **Mortgage passthrough securities, collateralized mortgage obligations, mortgage-backed or other pay-through bonds, equipment lease-backed certificates, consumer receivable passthrough certificates, or consumer receivable-backed bonds** of a maximum of five years’ maturity. Securities eligible for investment under this subdivision shall be issued by an issuer rated in a rating category of “A” or its equivalent or better for the issuer’s debt as provided by an NRSRO and rated in a rating category of “AA” or its equivalent or better by an NRSRO. Purchase of securities authorized by this subdivision may not exceed 20 percent of the portfolio.

PROHIBITED INVESTMENTS

Any investment in a security not specifically listed in the Eligible Securities and Criteria section above, but otherwise permitted by the Government Code, is prohibited without the prior approval of the Board. As provided in California Government Code Section 53601.6, the Authority shall not invest any funds in inverse floaters, range notes, mortgage derived, or interest-only strips or in any security that could result in zero interest accrual if held to maturity.

MAXIMUM MATURITIES

It is the objective of the Authority to accurately monitor and forecast revenues and expenditures so that the Authority can invest funds to the fullest extent possible. Funds of the Authority will be invested in accordance with sound treasury management principles.

Where this Policy does not specify a maximum remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase agreement, that at the time of the investment has a term remaining to maturity in excess of five years, unless the Board has granted express authority to make that investment either specifically or as a part of an investment program approved by the Board no less than three months prior to the investment.

PERFORMANCE STANDARDS

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

POLICY REVISION

This policy can be revised whenever necessary and will be reviewed by the Board annually at a public meeting.

Appendix A Glossary

Asset-backed securities (ABS): As referenced in item N under the “Eligible Securities and Criteria” section of this policy, ABS are securities whose income payments and hence value is derived from and collateralized (or "backed") by a specified pool of underlying assets which are receivables. Pooling the assets into financial instruments allows them to be sold to general investors, a process called securitization, and allows the risk of investing in the underlying assets to be diversified because each security will represent a fraction of the total value of the diverse pool of underlying assets. The pools of underlying assets can comprise common payments credit cards, auto loans, mortgage loans, and other types of assets. Interest and principal is paid to investors from borrowers who are paying down their debt.

Bankers' Acceptances: A bankers' acceptance is a time draft drawn on and accepted by a bank for payment of the shipment or storage of merchandise. The initial obligation of payment rests with the drawer, but the bank substitutes its credit standing for that of the borrower and assumes the obligation to pay face value at maturity.

Broker-Dealer: A broker-dealer is a person or a firm who can act as a broker or a dealer depending on the transaction. A broker brings buyers and sellers together for a commission. They do not take a position. A dealer acts as a principal in all transactions, buying and selling for his own account.

Certificate of Deposit (CDs): CDs are receipts for funds deposited in a Bank or Savings and Loan Association for a specified period of time at a specific rate of interest. The first \$250,000 of a certificate of deposit is guaranteed by the Federal Deposit Insurance Corporation (FDIC) if with a bank. Nonnegotiable CDs with a face value in excess of \$250,000 can be collateralized by Treasury Department Securities, which must be at least 110% of the face value of the CDs in excess of the first \$250,000, or by the first mortgage loans which must be at least 150% of the face value of the CD balance in excess of the first \$250,000. Negotiable CDs are marketable securities; they are not collateralized.

Collateral: Collateral is securities, evidence of deposits, or other property that a borrower pledges to secure repayment of a loan. It also refers to securities pledged by a bank to secure deposits. In California, repurchase agreements, reverse repurchase agreements, and public deposits must be collateralized.

Commercial Paper: Commercial paper is a short-term unsecured obligation issued by both financial companies and nonfinancial companies to help satisfy their short-term funding needs.

Issuer: Any corporation, governmental unit, or financial institution that borrows money through the sale of securities.

Liquidity: The ease and speed with which an asset can be converted into cash without loss of value. In the money market, a security is said to be liquid if the difference between the bid and asked prices is narrow and reasonably sized trades can be done at those quotes.

Local Agency Investment Fund (LAIF): LAIF is a voluntary program offering local agencies the opportunity to participate in a multi-billion dollar portfolio. LAIF is part of the State of California's Pooled Money Investment Account (PMIA). Oversight of the PMIA is provided by a board whose members include the State Treasurer, Director of Finance, and the State Controller. All securities are purchased under the authority of the California Government Code.

Market Value: The ~~the~~ price at which a security is trading and could presumably be purchased or sold.

Maturity: The date upon which the principal or stated value of an investment becomes due and payable.

Medium-Term Notes (MTNs): MTNs are unsecured promissory notes issued by corporations and financial institutions. MTNs are typically issued through a shelf registration process filed with the SEC, with original maturities of one to five years. MTNs offer higher yields than Treasury or agency securities because of the additional risk of purchasing unsecured corporate debt for a period of years. Credit quality varies with the issuer, and MTNs are typically rated by an NRSRO.

Money Market Funds: Pooled investment funds, which legally are shares of beneficial interest issued by diversified management companies registered with the Securities and Exchange Commission. Money market funds operate under strict guidelines regarding maximum maturities and diversification requirements ~~and seek to maintain a constant net asset value of \$1.00 per share.~~

Principal: The original cost of a security. It represents the amount of capital or money that the investor pays for the investment.

Repurchase Agreement: Repurchase Agreements are a contractual arrangement between a financial institution or dealer and an investor. This agreement normally can run for one or more days. The investor puts up his funds for a certain number of days at a stated yield. In return, he takes a given block of securities as collateral. At maturity, the securities are repurchased and the funds repaid plus interest.

U.S. Government Agency Issues: U. S. Government Agency issues include securities which fall into these categories: 1) Issues which are unconditionally backed by the full faith and credit of the United States, 2) Issues which are conditionally backed by the full faith and credit of the United States, and 3) Issues which are not backed by the full faith and credit of the United States.

Issues which are unconditionally backed by the full faith and credit of the United States include the Small Business Administration (SBA) and the General Services Administration (GSA).

Issues which are not backed by the full faith and credit of the United States include the Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Farm Credit System, Banks for Cooperation (Co-ops), Federal Lands Banks (FLB), Federal Immediate Credit Banks (FICB), and the Federal Home Loan Mortgage Corporation (FHLMC).

While all of the above issues are not unconditionally backed by the full faith and credit of the United States, they do in fact have de facto backing from the federal government, and it would be most unlikely that the government would let any of these agencies default on its obligations.

U.S. Instrumentalities: U.S. Instrumentalities are formed by two or more central governments (one of which must be the United States) with the purpose of promoting economic development for the member countries. U.S. Instrumentalities finance their activities by issuing debt. Examples of U.S. Instrumentalities include the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC), and the Inter-American Development Bank (IADB). Similarly to government bonds, the bonds issued by these institutions are considered direct obligations of the issuing nations and have a high credit rating.

U.S. Treasuries:

U.S. Treasury Bills: U.S. Treasury bills, commonly referred to as T-Bills, are short-term marketable securities sold as obligations of the U.S. Government. They are offered in three-month, six-month, and one-year maturities. T-Bills do not accrue interest but are sold at a discount to pay face value at maturity.

U.S. Treasury Notes: U.S. Treasury Notes are marketable, interest-bearing securities sold as obligations of the U.S. Government with original maturities of one to ten years. Interest is paid semi-annually.

U.S. Treasury Bonds: U.S. Treasury Bonds are the same as U.S. Treasury Notes, except they have original maturities of ten years or longer.

Yield to Maturity: Yield to Maturity (YTM) is the rate of income return on an investment, minus any premium above par or plus any discount with the adjustment spread over the period from the date of the purchase to the date of maturity of the bond.

FINANCIAL MATTERS

SUBJECT: Review of Target Equity Ratios

BACKGROUND AND STATUS:

At the Annual Workshop on February 8, 2018, the Board reviewed the Target Equity Benchmarking Ratio calculation as of June 30, 2017. Nancy Broadhurst, Finance Manager, will be present to review the calculation with the Board.

RECOMMENDATION:

Staff recommends the Board of Directors approve the Target Equity Benchmarking Ratio Calculation as of June 30, 2017.

REFERENCE MATERIALS ATTACHED:

- Target Equity Benchmarking Ratio Calculation as of June 30, 2017

Employment Risk Management Authority

BENCHMARKING RATIO RESULTS

as of June 30, 2017

		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
DATA:											
1	[1] Net assets (Equity) (b)	(\$1,741,332)	\$519,133	\$2,196,235	\$9,904,219	\$17,224,745	\$19,746,025	\$18,505,137	\$16,482,130	\$14,652,015	\$13,860,226
2											
3											
4	Gross contributions	6,441,839	7,157,712	7,451,583	7,495,626	6,906,219	6,333,611	5,612,129	5,331,445	5,542,878	6,275,797
5	Less: Excess insurance expense	(25,000)	(25,000)	(25,000)	(195,995)	(190,084)	(192,611)	(193,340)	(195,459)	(204,358)	(219,700)
6	[2] Net contributions (a)	6,416,839	7,132,712	7,426,583	7,299,631	6,716,135	6,141,000	5,418,789	5,135,986	5,338,520	6,056,097
7											
8	[3a] Net reserves and LAE (b)	3,451,691	3,306,780	3,305,382	2,681,308	1,472,584	1,360,156	2,316,273	1,264,701	2,737,154	2,761,620
9	[3b] Net IBNR and LAE (b)	11,840,721	12,412,639	13,779,152	10,964,333	9,481,548	8,119,622	6,264,280	7,663,181	8,501,759	9,107,676
10	[3] Total loss reserves and LAE	15,292,412	15,719,419	17,084,534	13,645,641	10,954,132	9,479,778	8,580,553	8,927,882	11,238,913	11,869,296
11											
12											
13	[4a] Claims expense (a)	5,193,608	4,744,129	5,419,209	(801,987)	(1,029,631)	121,260	556,470	3,939,823	5,189,666	3,200,976
14	[4b] Investment income (a)	558,261	578,652	291,384	274,502	276,918	71,350	372,131	242,093	444,812	116,818
15	[4c] Operating Expenses (a)	665,623	706,769	621,656	668,136	702,158	733,423	744,782	789,819	823,781	913,730
16	[4d] Return of Equity/Assessment (b)	(1,185,323)	-	-	-	-	2,836,388	5,730,555	2,671,443	1,600,000	2,850,000
17											
18											
19	[5a] One-Year Reserve Development (c)			(3,993,065)	(8,183,663)	(6,254,077)	(4,619,886)	(3,759,047)	(2,742,203)	(1,791,934)	779,272
20	[5b] Two-Year Reserve Development (c)			(8,829,520)	(11,162,707)	(12,902,383)	(10,152,372)	(7,712,013)	(5,960,960)	(4,404,371)	(1,485,573)
21											
22	[6] Group Self-Insured Retention (SIR)	950,000	950,000	950,000	950,000	950,000	950,000	950,000	950,000	950,000	950,000
23											
24	(a) From Statement of Revenues, Expenses, and Changes in Net Assets										
25	(b) From Balance Sheet										
26	(c) From Financial Statements: Supplementary Information, Claims Development.										

* Program Years 2014/15 - 2016/17 are shown Net of Capital Fund Contribution

		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	Benchmark	6/30/17 Result	
27														
28														
29	BENCHMARK RATIOS:													
30														
31	[6] Net Contributions to Net Assets	**	13.74	3.38	0.74	0.39	0.31	0.29	0.31	0.36	0.44	≤ 2.0	Pass	
32														
33	[7] Outstanding Reserves to Net Assets	**	30.28	7.78	1.38	0.64	0.48	0.46	0.54	0.77	0.86	≤ 3.0	Pass	
34	Net Leverage (Net Contributions + O/S Reserves)	**	44.02	11.16	2.11	1.03	0.79	0.76	0.85	1.13	1.29			
35														
36	[8] Net Assets to SIR	**	0.5	2.3	10.4	18.1	20.8	19.5	17.3	15.4	14.6	≥ 5	Pass	
37														
38	Operating Ratio:													
39	+ Loss Ratio	81%	67%	73%	-11%	-15%	2%	10%	77%	97%	53%			
40	+ Expense ratio	10%	10%	8%	9%	10%	12%	14%	15%	15%	15%			
41	+ Dividends	-18%	0%	0%	0%	0%	46%	106%	52%	30%	47%			
42	- Investment income	9%	8%	4%	4%	4%	1%	7%	5%	8%	2%			
43	[9] = Operating Ratio	64%	68%	77%	-6%	-9%	59%	123%	139%	134%	113%	< 100%	Fail	
44														
45	[10a] One-Year Reserve Development to Net Assets	**	**	-769%	-373%	-63%	-27%	-20%	-17%	-12%	6%	< 20%	Pass	
46	[10b] Two-Year Reserve Development to Net Assets	**	**	**	-2150%	-587%	-103%	-42%	-36%	-30%	-11%	< 20%	Pass	
47														
48	[11] Change in Net Assets	**	**	323%	351%	74%	15%	-6%	-11%	-11%	-5%	≥ -10%	Pass	

** Comparison to negative equity does not allow equitable calculation

Indicates a Result of "Pass" Indicates a Result of "Fail"

CLAIMS MATTERS

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

BACKGROUND AND STATUS:

The confidential Litigation Manager's Report was distributed to the Board of Directors under separate cover. The Board will discuss the claims listed below during the closed session.

For the Board's reference, we have included the claim and corresponding page number from the Litigation Manager's Report.

Claim	Litigation Mgr. Rpt. Pg. #
Salehi v. West Hollywood	Page 97
Anderson v. Rialto	Page 92
Nekooee v. Rialto	Page 95
Teater v. Atwater	Page 48

REFERENCE MATERIALS ATTACHED:

- Confidential Litigation Manager's Report (distributed under separate cover; copies to be turned in at the meeting)