



**EMPLOYMENT RISK MANAGEMENT AUTHORITY (ERMA)  
MEETING OF THE BOARD OF DIRECTORS  
AMENDED AGENDA**

(Amended to include Agenda Item 6A., Closed Session)

Monday, November 5, 2018 ~ 10:00 a.m.  
(Lunch will be provided)

Bickmore  
1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833  
(916) 244-1100

*In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact Jennifer Jobe at (916) 244-1141 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 and copying at 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA. The documents will also be available on the agency's website at [www.ermajpa.org](http://www.ermajpa.org).*

<b><u>Page</u></b>	<b>1. CALL TO ORDER</b>
	<b>2. INTRODUCTIONS</b>
	<b>3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)</b>
	<b>4. PUBLIC COMMENTS</b> - 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.
	<b>5. CONSENT CALENDAR</b> - If the Board would like to discuss any item listed, it may be pulled from the Consent Calendar.
5	*A. Minutes of June 12, 2018, Board of Directors Meeting and Summary of Action Items
12	*B. General Warrants from June 1, 2018, through September 30, 2018
13	*C. Claims Payments from June 1, 2018, through September 30, 2018
15	*D. Petty Cash Statement from June 1, 2018, through September 30, 2018
16	*E. Treasurer's Report as of June 30, 2018
45	*F. PFM Quarter Ended June 30, 2018 Review of Investment Portfolio
85	*G. Conflict of Interest Code Biennial Notice to FPPC
87	*H. Bylaws, As Amended Effective April 18, 2016
109	*I. EPL Excess Policy and Invoice
	<i>Recommendation: Approval of the Consent Calendar.</i>

**6. CLAIMS MATTERS**

128

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

Pursuant to Government Code §54956.95(a), the Board will hold a closed session to discuss the following claims for the payment of employment practices liability incurred by the joint powers authority:

- De La Torre, Romano; Gutierrez, Apolonio; Peltier, Steven; Tisdale, Amber; Watkins, Gregory v. City of Adelanto
- Carter, Margaret; Riley, Anthony v. City of Barstow
- Buera, Michael v. City of Manteca
- Armstrong, Shanae v. City of Pleasant Hill
- Cardenas, Patricia v. City of Rancho Cucamonga

- B. Report from Closed Session

Pursuant to Government Code §§4957.1, the Board must report in open session any action, or lack thereof, taken in closed session.

**7. COVERAGE MATTERS**

129

- A. Discussion Regarding the City of Adelanto's (PERMA) Termination of Participation as a Member of ERMA

*Recommendation: Staff recommends the Board of Directors provide direction as necessary.*

**8. FINANCIAL MATTERS**

131

- \*A. Draft Audited Financial Statements for the Fiscal Year Ended June 30, 2018

*Recommendation: Staff recommends the Board of Directors accept and file the ERMA Audited Financial Statements for the Fiscal Year Ended June 30, 2018.*

168

- \*B. Financial Status Report for the Fiscal Year Ended June 30, 2018

*Recommendation: Staff recommends the Board of Directors approve the Internal Financial Statements for the Fiscal Year Ended June 30, 2018, and JPA Performance Report, as of June 30, 2018.*

171

- \*C. Discussion Regarding the California Asset Management Program (CAMP) as an Alternative to the Local Agency Investment Fund (LAIF)

*Recommendation: Staff recommends the Board of Directors approve placing funds in the CAMP Pool to be used as an alternative liquid investment option to LAIF.*

**9. ADMINISTRATIVE MATTERS**

189

- \*A. Review of 19<sup>th</sup> Annual Workshop Agenda

*Recommendation: Staff recommends the Board of Directors direct staff to work with the President to finalize the agenda for the workshop.*

192

- \*B. Revisions to the Master Program Document for the Pooled Employment Practices Liability Program

*Recommendation: Staff recommends the Board of Directors approve the revisions, as presented, to the Master Program Document for the Pooled Employment Practices Liability Program, effective November 5, 2018.*

**10. LEGAL UPDATE**

- 223        \*A. Update from Geoff Sheldon, Liebert Cassidy Whitmore  
             *Recommendation: None*

**11. LITIGATION MANAGEMENT**

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

**12. TRAINING/LOSS PREVENTION MATTERS**

- 227        \*A. Ad Hoc Training Committee Update  
             *Recommendation: None*
- 229        \*B. 2018 Target Risk Appraisal Recommendations  
             *Recommendation: Staff will provide a recommendation to the Board of Directors that certain members undergo a risk assessment or be subjected to further evaluation on a follow-up basis, with a report to be presented to the Board, at the June 2019 meeting.*

**13. CLOSING COMMENTS**

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

- A. Board
- B. Staff

**14. ADJOURNMENT**

**NOTICES:**

The next meetings of the Board of Directors will be held:

- Thursday, February 7, 2019, 11:00 a.m. – Annual Workshop, Wine & Roses, Lodi, CA
- Friday, February 8, 2019, 9:00 a.m. – Board Meeting, Wine & Roses, Lodi, CA
- Tuesday, April 30, 2019, 9:00 a.m. – Sacramento, CA
- Tuesday, June 11, 2019, 9:00 a.m. – Sacramento, CA

**CONSENT CALENDAR**

**SUBJECT:   Consent Calendar**

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**BACKGROUND AND STATUS:**

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

**RECOMMENDATION:**

*Approval of the Consent Calendar.*

**REFERENCE MATERIALS ATTACHED:**

- \*A.   Minutes of June 12, 2018, Board of Directors Meeting and Summary of Action Items
- \*B.   General Warrants from June 1, 2018, through September 30, 2018
- \*C.   Claims Payments from June 1, 2018, through September 30, 2018
- \*D.   Petty Cash Statement from June 1, 2018, through September 30, 2018
- \*E.   Treasurer's Report as of June 30, 2018
- \*F.   PFM Quarter Ended June 30, 2018, Review of Investment Portfolio
- \*G.   Conflict of Interest Code Biennial Notice to FPPC
- \*H.   Bylaws, As Amended, Effective April 18, 2016
- \*I.   EPL Excess Policy and Invoice

**EMPLOYMENT RISK MANAGEMENT AUTHORITY (ERMA)**

**MINUTES OF THE BOARD OF DIRECTORS  
MEETING OF JUNE 12, 2018**

A regular meeting of the Board of Directors of ERMA was held on June 12, 2018, at the Bickmore office in Sacramento, CA.

**BOARD MEMBERS PRESENT:** Scott Ellerbrock, President, PERMA  
John Gillison, Vice President, PARSAC  
Truc Dever, Treasurer, VCJPA  
Stuart Schillinger, BCJPIA  
Robert Thompson, CalTIP  
Sean Scully, CSJRMA  
Don White, ERMAC  
Linda Cox, MPA (*arrived at 9:39 a.m.*)  
Artesia Dupree, Oakland Housing Authority  
John Duckett, SCORE

**BOARD MEMBERS ABSENT:** Charlene Calica, Housing Authority of the County of  
Contra Costa  
Jamie Goldstein, MBASIA

**ALTERNATE MEMBERS PRESENT:** Joanne Rennie, PARSAC  
Shannon Esenwein, CSJVRMA  
Brett Miller, MBASIA (*arrived at 9:13 a.m.*)

**ALTERNATE MEMBERS ABSENT:** Kerry Trost, PERMA  
Jamie Scott, VCJPA  
Todd Cusimano, BCJPIA  
George Fink, CalTIP  
Joseph Villarreal, Housing Authority of the County of  
Contra Costa  
Tracy Robinson, MPA  
Drew Felder, Oakland Housing Authority  
Roger Carroll, SCORE

**OTHERS PRESENT:** Jennifer Jobe, Executive Director  
Nancy Broadhurst, Finance Manager  
Greg O'Dea, General Counsel  
Kathy Maylin, Litigation Manager  
Julia Byrd, Litigation Analyst  
Joyce DeVries, Bickmore  
Seth Cole, Alliant Insurance Services  
Rob Kramer, BCJPIA  
Jaesa McCulligan, BCJPIA  
Jeanette Workman, CSJVRMA  
Chrissy Mack, CSJVRMA & VCJPA  
Micheon Balmer, CalTIP

Marcus Beverly, SCORE & ERMAC  
Michael Christian, Jackson Lewis  
Geoffrey Sheldon, Liebert Cassidy Whitmore  
(arrived at 9:03 a.m.)

1. CALL TO ORDER

The June 12, 2018, Board of Directors meeting was called to order at 9:01 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, PARSAC, moved to approve the agenda as posted; seconded by John Duckett, SCORE. The motion passed unanimously.**

4. PUBLIC COMMENTS

None

5. CONSENT CALENDAR

President Ellerbrock reported that there is one addition to the Consent Calendar, Item 5.E, Memorandum of Coverage (MOC) for the 2018/19 Program Year. Previously, the Livermore/Pleasanton Fire Department had asked to be endorsed under the City of Pleasanton. The Board granted the request for Program Years 2015/16, 2016/17, and 2017/18. The Livermore/Pleasanton Fire Department has since decided not to participate in ERMA and, in consultation with General Counsel, Staff added language stating no coverage under the Memorandum is afforded to the Livermore/Pleasanton Fire Department. Inclusion of this language will negate any reason for ambiguity moving forward.

**John Gillison moved to approve/accept the following items: A) Minutes of May 1, 2018, Board of Directors' Meeting and Summary of Action Items; B) General Warrants from April 16, 2018, through May 31, 2018; C) Claims Payments from April 16, 2018, through May 31, 2018; D) Petty Cash Statement from April 16, 2018, through May 31, 2018; E) Memorandum of Coverage for the 2018/19 Program Year, as amended; F) Biennial Review of the Conflict of Interest Code; seconded by Artesia Dupree, Oakland Housing Authority. The motion passed unanimously.**

6. ADMINISTRATIVE MATTERS

A. 2018/19 Goals and Objectives Update

Ms. Jennifer Jobe, Executive Director, reviewed the Goals and Objectives established by the Board at the February meeting. The first goal was to develop a budgetary control policy. Ms. Nancy Broadhurst, Finance Manager, developed and presented a control policy which was approved by the Board at the May meeting.

The second goal was to identify an anonymous reporting application option. ERMA has a toll-free reporting number and, in addition, the members have access to online reporting via the *in2vate* website. Staff was charged with looking into options to augment existing sources. Staff will research web-based applications, with an emphasis on those who specifically serve public entities.

The third goal was to identify targeted human resource training opportunities. Staff was successful in developing a slate of trainings for the 2018/19 Program Year. Three of the seven trainings have an emphasis on human resource-related matters. Staff is working to finalize trainings scheduled for the year and has received positive feedback as to the topics presented. Two additional Board members joined the Ad Hoc Training Committee, specifically charged with the task of identifying, developing, and implementing additional Human Resources training programs. The final goal was to develop and implement the secondary phase to the policy review initiative that would possibly develop targeted employment practices training for Agency high-level management, such as City Managers, City Attorneys, and Finance Directors.

B. Proposed Draft Resolution No. 2017-8 Establishing Criteria for Approval of Investigators

Ms. Kathy Maylin, Litigation Manager, reported the Resolution Establishing Criteria for Approval of Investigators was initiated in 2008; at that time, there was an hourly cap set at \$195 per hour for any investigator. In June 2015, Board-approved edits were made to the Resolution that included a distinction between attorney and non-attorney investigators with rate caps of \$210 for attorney investigators and \$195 for non-attorney investigators.

Ms. Maylin highlighted the difference between standard attorney investigators and non-attorney investigator rates and what ERMA currently pays. Ms. Maylin recommended the Board approve a rate increase for attorney investigators to \$250 per hour and non-attorney investigators to \$165 per hour.

**Truc Dever, VCJPA, moved to approve the Resolution No. 2017-8 Establishing Criteria for Approval of Investigators; seconded by Don White, ERMAC. The motion passed unanimously.**

7. MEMBERSHIP MATTERS

A. Prospective New Member – The City of San Jacinto (PERMA)

President Ellerbrock reported the Underwriting Committee met and recommends the Board of Directors approve the City of San Jacinto's application for participation in ERMA with a \$25,000 SIR, effective July 1, 2018.

**John Gillison moved to approve the City of San Jacinto's application for participation in ERMA with a \$25,000 SIR, effective July 1, 2018; seconded by Truc Dever. The motion passed unanimously.**

8. COVERAGE MATTERS

A. Discussion and Action Regarding Excess Coverage for the 2018/19 Program Year

Mr. Seth Cole, Alliant, presented the proposal for the optional excess coverage which renews on July 1, 2018. Currently, ERMA's incumbent carrier, RSUI, provides a \$1 million for each claim per member limit with a \$2 million per member aggregate and a program aggregate of \$10 million. Staff recommends the Board approve a renewal to include increased per claim per member limits. Staff reviewed with the Board the rates and subsequent premium differentials of the proposed increased policy limits. Given the heightened awareness and several points made in previous discussions, investigations and claims are on the rise. Staff recommended the Board consider increased coverage limits as follows: \$2M per claim/\$4M per member and \$10M policy aggregate.

**Artesia Dupree moved to approve excess coverage with RSUI for the 2018/19 Program Year of \$2M per claim/\$4M per member aggregate/\$10M policy aggregate; seconded by John Duckett. The motion passed unanimously.**

B. Request from the City of McFarland (CSJVRMA) to Reduce Self-Insured Retention

Ms. Maylin reported the City of McFarland (City) has requested a reduction of their self-insured retention (SIR) from \$75,000 to \$50,000. The City recently underwent a risk assessment due to recent claims activity. Ms. Maylin stated two of the claims have been resolved and a third claim is in the process of being resolved. Ms. Maylin recommended no further action be taken relative to the assessment. Ms. Jobe stated the City's payroll is just under \$3 million, and as such, may be considered for a \$25,000 SIR.

**Artesia Dupree moved to approve the request from the City of McFarland to reduce their self-insured retention from \$75,000 to \$50,000, effective July 1, 2018; seconded by Stuart Schillinger, BCJPIA. The motion passed unanimously.**



9. Training/Loss Prevention Matters

A. Risk Assessment Updates – Cities of McFarland, Pittsburg and West Hollywood

Ms. Maylin stated the City of McFarland was discussed under the previous agenda item. Ms. Maylin reported the risk assessment for the City of Pittsburg was as a result of the number of reported claims. The City of West Hollywood recently underwent a risk assessment and, as a result, and at the City's own preference, their SIR was increased from \$100,000 to \$250,000.

10. FINANCIAL MATTERS

A. Proposed Administrative and Operating Budget for the 2018/19 Program Year

Ms. Broadhurst reviewed the 2018/19 Proposed Operating Budget and reported the Proposed Budget represents an overall increase of 8.1%, or \$539,041, over the 2017/18 Approved Budget due to an increase in payroll of 3.4% and increase in the funding rate of 4.2%. The two Budget changes from that which was presented in May include the addition of the City of San Jacinto (PERMA) and the decrease in SIR for the City of McFarland from \$75,000 to \$50,000; both of these items were included in the presented Budget.

**John Gillison moved to approve the 2018/19 Proposed Operating Budget at an 80% Confidence Level, to include the optional excess coverage of \$2 Million X \$1 Million; seconded by Truc Dever. The motion passed unanimously.**

B. Approval of the California Asset Management Program (CAMP) as an Alternative to the Local Agency Investment Fund (LAIF)

Ms. Broadhurst reported ERMA is currently a member of the CAMP JPA. CAMP was established in 1989 to provide California public agencies with professional investment services. Staff recommends the Board of Directors approve enrollment in the CAMP program to be used as an alternative liquid investment option to LAIF. The difference between CAMP and LAIF is the weighted average maturity for the CAMP liquid pool is much shorter than LAIF. Ms. Broadhurst also noted the interest from CAMP is paid monthly rather than quarterly. Following some consideration, the Board tabled further discussion until the November meeting, allowing for additional information to be presented regarding the decision to approve CAMP as an alternative to the LAIF.

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 10:08 a.m. to discuss the following claims:

- Armstrong v. City of Pleasant Hill
- Borja/Moore/Cordero v. City of Adelanto
- Carter/Riley v. City of Barstow
- Villareal v. Oakland Housing Authority
- Santana v. City of Wasco

B. Report from Closed Session

The Board reconvened to open session at 10:31 a.m. The Board met to discuss the claims listed above. With regard to Armstrong v. City of Pleasant Hill, Carter/Riley v. City of Barstow, and Santana v. City of Wasco, the Board voted unanimously to extend settlement authority to the Litigation Manager. With regard to Borja/Moore/Cordero v. City of Adelanto, no action was taken.

12. CLOSING COMMENTS

A. Board of Directors

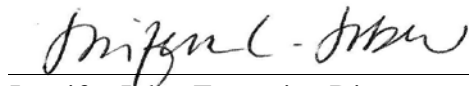
None

B. Staff

None

14. ADJOURNMENT

The June 12, 2018, ERMA Board of Directors meeting adjourned at 10:32 a.m. by general consent.



Jennifer Jobe, Executive Director

**EMPLOYMENT RISK MANAGEMENT AUTHORITY (ERMA)**  
**SUMMARY OF ACTION ITEMS**  
**BOARD OF DIRECTORS MEETING OF JUNE 12, 2018**

- ❖ The following consent calendar items were approved by the Board:
  - A. Minutes of May 1, 2018, Board of Directors Meeting and Summary of Action Items
  - B. General Warrants from April 16, 2018, through May 31, 2018
  - C. Claims Payments from April 16, 2018, through May 31, 2018
  - D. Petty Cash Statement from April 16, 2018, through May 31, 2018
  - E. Memorandum of Coverage for the 2018/19 Program Year
  - F. Biennial Review of the Conflict of Interest Code
- ❖ The Board approved Resolution No. 2017-8 Establishing Criteria for Approval of Investigators.
- ❖ The Board approved the City of San Jacinto (PERMA) as member of ERMA at a \$25,000 SIR, effective July 1, 2018.
- ❖ The Board approved to authorize excess coverage through RSUI for the 2018/19 Program Year with policy limits of \$2M per claim/\$4M per member aggregate/\$10M policy aggregate.
- ❖ The Board approved a request from the City of McFarland to reduce their self-insured retention from \$75,000 to \$50,000, effective July 1, 2018.
- ❖ The Board approved the 2018/19 Operating Budget at the 80% Confidence Level, to include optional excess coverage of \$2 Million X \$1 Million.

Ranges:	From:	To:	From:	To:
Check Number	First	Last	Check Date	6/1/2018
Vendor ID	First	Last	Checkbook ID	CBT GENERAL
Vendor Name	First	Last		CBT GENERAL

Sorted By: Check Number

\* Voided Checks

Check Number	Vendor ID	Vendor Check Name	Check Date	Checkbook ID	Audit Trail Code	Amount
EFT000046	AG100	in2vate, LLC	6/8/2018	CBT GENERAL	PMCHK00000592	\$18,000.00
EFT000047	BI100	Bickmore	6/8/2018	CBT GENERAL	PMCHK00000592	\$184,240.50
EFT000048	JA100 EFT	Jackson Lewis P.C.	6/8/2018	CBT GENERAL	PMCHK00000592	\$37,136.00
EFT000050	JA100 EFT	Jackson Lewis P.C.	7/16/2018	CBT GENERAL	PMCHK00000599	\$2,150.00
EFT000052	DR100	Alliant Insurance Services, In	8/1/2018	CBT GENERAL	PMCHK00000601	\$1,282.00
EFT000054	BI100	Bickmore	8/16/2018	CBT GENERAL	PMCHK00000604	\$2,400.00
EFT000055	CS100	CSJVRMA	8/16/2018	CBT GENERAL	PMCHK00000604	\$34.29
EFT000056	LO120	Longyear, O'Dea, & Lavra, LLP	8/16/2018	CBT GENERAL	PMCHK00000604	\$977.55
EFT000058	AG100	in2vate, LLC	9/25/2018	CBT GENERAL	PMCHK00000610	\$15,945.27
EFT000059	BI100	Bickmore	9/25/2018	CBT GENERAL	PMCHK00000610	\$179,062.47
EFT000060	JA100 EFT	Jackson Lewis P.C.	9/25/2018	CBT GENERAL	PMCHK00000610	\$2,915.00
EFT000061	LO120	Longyear, O'Dea, & Lavra, LLP	9/25/2018	CBT GENERAL	PMCHK00000610	\$1,642.50
G 003155	CA100	CAJPA	6/8/2018	CBT GENERAL	PMCHK00000593	\$450.00
G 003156	ED100	Edible Events	6/8/2018	CBT GENERAL	PMCHK00000593	\$605.12
G 003157	LI100	Liebert Cassidy Whitmore	6/8/2018	CBT GENERAL	PMCHK00000593	\$2,150.00
G 003158	BC100	BCJPIA	6/8/2018	CBT GENERAL	PMCHK00000594	\$433,166.00
G 003159	CO140	Contra Costa Housing Authority	6/8/2018	CBT GENERAL	PMCHK00000594	\$16,138.00
G 003160	CS100	CSJVRMA	6/8/2018	CBT GENERAL	PMCHK00000594	\$608,287.00
G 003161	MB100	MBASIA	6/8/2018	CBT GENERAL	PMCHK00000594	\$27,767.00
G 003162	MP100	Municipal Pooling Authority	6/8/2018	CBT GENERAL	PMCHK00000594	\$540,955.00
G 003163	OA100	Oakland Housing Authority	6/8/2018	CBT GENERAL	PMCHK00000594	\$50,361.00
G 003164	PA120	PARSAC	6/8/2018	CBT GENERAL	PMCHK00000594	\$488,957.00
G 003165	PE100	PERMA	6/8/2018	CBT GENERAL	PMCHK00000594	\$540,655.00
G 003166	SC100	SCORE	6/8/2018	CBT GENERAL	PMCHK00000594	\$49,479.00
G 003167	VC100	VCJPA	6/8/2018	CBT GENERAL	PMCHK00000594	\$95,923.00
G 003168	HO110	Housing Authority of the Count	6/8/2018	CBT GENERAL	PMCHK00000595	\$1,784.00
G 003169	MA112	Marin County Housing Authority	6/8/2018	CBT GENERAL	PMCHK00000595	\$451.00
G 003170	RI100	Richmond Housing Authority	6/8/2018	CBT GENERAL	PMCHK00000595	\$295.00
G 003171	YO100	Yolo County Housing Authority	6/8/2018	CBT GENERAL	PMCHK00000595	\$396.00
G 003172	AM105	Ambrosia Fine Food Inc	7/16/2018	CBT GENERAL	PMCHK00000598	\$323.40
G 003173	LI100	Liebert Cassidy Whitmore	7/16/2018	CBT GENERAL	PMCHK00000598	\$10,750.00
G 003174	LO120	Longyear, O'Dea, & Lavra, LLP	7/16/2018	CBT GENERAL	PMCHK00000598	\$6,402.90
G 003175	GR105	Greater LA County VCD	7/16/2018	CBT GENERAL	PMCHK00000598	\$532.16
G 003176	GI105	John Gillison	7/16/2018	CBT GENERAL	PMCHK00000598	\$408.75
G 003177	RA100	City of Rancho Cucamonga	7/16/2018	CBT GENERAL	PMCHK00000598	\$265.95
G 003178	EL100	Scott Ellerbrock	7/16/2018	CBT GENERAL	PMCHK00000598	\$941.12
G 003179	LA140	City of Laguna Hills	7/16/2018	CBT GENERAL	PMCHK00000598	\$646.71
G 003180	DR100	Alliant Insurance Services, In	7/16/2018	CBT GENERAL	PMCHK00000600	\$298,737.00
G 003181	LI100	Liebert Cassidy Whitmore	8/16/2018	CBT GENERAL	PMCHK00000603	\$4,300.00

Total Checks:	39	Total Amount of Checks:	\$3,626,912.69
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Ranges:	From:	To:	From:	To:
Check Number	First	Last	Check Date	6/1/2018
Vendor ID	First	Last	Checkbook ID	CBT CLAIMS
Vendor Name	First	Last		CBT CLAIMS

Sorted By: Check Number

\* Voided Checks

Check Number	Vendor ID	Vendor Check Name	Check Date	Checkbook ID	Audit Trail Code	Amount
L 006941	BR135	Brown Poore LLP in Trust for E	6/8/2018	CBT CLAIMS	PMCHK00000591	\$47,500.00
L 006942	BR136	Brown Poore LLP in trust for M	6/8/2018	CBT CLAIMS	PMCHK00000591	\$47,500.00
L 006943	JA100	Jackson Lewis P.C.	6/8/2018	CBT CLAIMS	PMCHK00000591	\$3,052.50
L 006944	JA100	Jackson Lewis P.C.	6/8/2018	CBT CLAIMS	PMCHK00000591	\$23,302.86
L 006945	JA100	Jackson Lewis P.C.	6/8/2018	CBT CLAIMS	PMCHK00000591	\$7,424.00
L 006946	JA100	Jackson Lewis P.C.	6/8/2018	CBT CLAIMS	PMCHK00000591	\$4,722.00
L 006947	JA100	Jackson Lewis P.C.	6/8/2018	CBT CLAIMS	PMCHK00000591	\$25,704.65
L 006948	BE100	Best Best and Krieger LLP	6/8/2018	CBT CLAIMS	PMCHK00000591	\$6,076.50
L 006949	CA180	Carl E. Jones	6/19/2018	CBT CLAIMS	PMCHK00000596	\$36,815.68
L 006950	RA130	Rawa Law Group, APC	6/19/2018	CBT CLAIMS	PMCHK00000596	\$36,711.82
L 006951	RA130	Rawa Law Group, APC	6/19/2018	CBT CLAIMS	PMCHK00000596	\$1,472.50
L 006952	BE100	Best Best and Krieger LLP	7/3/2018	CBT CLAIMS	PMCHK00000597	\$216.00
L 006953	BE100	Best Best and Krieger LLP	7/3/2018	CBT CLAIMS	PMCHK00000597	\$11,683.80
L 006954	BE100	Best Best and Krieger LLP	7/3/2018	CBT CLAIMS	PMCHK00000597	\$798.00
L 006955	BE100	Best Best and Krieger LLP	7/3/2018	CBT CLAIMS	PMCHK00000597	\$8,969.25
L 006956	JA100	Jackson Lewis P.C.	7/3/2018	CBT CLAIMS	PMCHK00000597	\$39,564.55
L 006957	JA100	Jackson Lewis P.C.	7/3/2018	CBT CLAIMS	PMCHK00000597	\$3,570.00
L 006958	JA100	Jackson Lewis P.C.	7/3/2018	CBT CLAIMS	PMCHK00000597	\$886.07
L 006959	JA100	Jackson Lewis P.C.	7/3/2018	CBT CLAIMS	PMCHK00000597	\$28,207.65
L 006960	JA100	Jackson Lewis P.C.	7/3/2018	CBT CLAIMS	PMCHK00000597	\$18,857.40
L 006961	JA100	Jackson Lewis P.C.	7/3/2018	CBT CLAIMS	PMCHK00000597	\$8,576.63
L 006962	KI100	City of Kingsburg	7/3/2018	CBT CLAIMS	PMCHK00000597	\$830.60
L 006963	LI100	Liebert Cassidy Whitmore	7/3/2018	CBT CLAIMS	PMCHK00000597	\$5,016.10
L 006964	LI100	Liebert Cassidy Whitmore	7/3/2018	CBT CLAIMS	PMCHK00000597	\$294.00
L 006965	LI100	Liebert Cassidy Whitmore	7/3/2018	CBT CLAIMS	PMCHK00000597	\$733.50
L 006966	LI100	Liebert Cassidy Whitmore	7/3/2018	CBT CLAIMS	PMCHK00000597	\$157.50
L 006967	LI100	Liebert Cassidy Whitmore	7/3/2018	CBT CLAIMS	PMCHK00000597	\$13,289.45
L 006968	LI100	Liebert Cassidy Whitmore	7/3/2018	CBT CLAIMS	PMCHK00000597	\$9,273.53
L 006969	LI100	Liebert Cassidy Whitmore	7/3/2018	CBT CLAIMS	PMCHK00000597	\$466.50
L 006970	LI100	Liebert Cassidy Whitmore	7/3/2018	CBT CLAIMS	PMCHK00000597	\$6,292.50
L 006971	LI100	Liebert Cassidy Whitmore	7/3/2018	CBT CLAIMS	PMCHK00000597	\$90.00
L 006972	LO100	Lozano Smith, LLP	7/3/2018	CBT CLAIMS	PMCHK00000597	\$193.50
L 006973	LO100	Lozano Smith, LLP	7/3/2018	CBT CLAIMS	PMCHK00000597	\$763.27
L 006974	LO100	Lozano Smith, LLP	7/3/2018	CBT CLAIMS	PMCHK00000597	\$1,006.59
L 006975	LO100	Lozano Smith, LLP	7/3/2018	CBT CLAIMS	PMCHK00000597	\$912.00
L 006976	BR140	Brenda Villarreal	8/15/2018	CBT CLAIMS	PMCHK00000602	\$85,000.00
L 006977	BE100	Best Best and Krieger LLP	8/17/2018	CBT CLAIMS	PMCHK00000605	\$4,502.12
L 006978	BE100	Best Best and Krieger LLP	8/17/2018	CBT CLAIMS	PMCHK00000605	\$45.00
* L 006979	JA100	Jackson Lewis P.C.	8/17/2018	CBT CLAIMS	PMCHK00000605	\$7,696.55
L 006980	JA100	Jackson Lewis P.C.	8/17/2018	CBT CLAIMS	PMCHK00000605	\$13,560.65
L 006981	JA100	Jackson Lewis P.C.	8/17/2018	CBT CLAIMS	PMCHK00000605	\$21,716.04
L 006982	JA100	Jackson Lewis P.C.	8/17/2018	CBT CLAIMS	PMCHK00000605	\$2,329.03
L 006983	JA100	Jackson Lewis P.C.	8/17/2018	CBT CLAIMS	PMCHK00000605	\$2,305.50
L 006984	JA100	Jackson Lewis P.C.	8/17/2018	CBT CLAIMS	PMCHK00000605	\$1,156.07
L 006985	JA100	Jackson Lewis P.C.	8/17/2018	CBT CLAIMS	PMCHK00000605	\$1,234.81
L 006986	JA100	Jackson Lewis P.C.	8/17/2018	CBT CLAIMS	PMCHK00000605	\$121.38
L 006987	LI100	Liebert Cassidy Whitmore	8/17/2018	CBT CLAIMS	PMCHK00000605	\$9,987.80
L 006988	LI100	Liebert Cassidy Whitmore	8/17/2018	CBT CLAIMS	PMCHK00000605	\$13,143.96
L 006989	LI100	Liebert Cassidy Whitmore	8/17/2018	CBT CLAIMS	PMCHK00000605	\$342.49
L 006990	LI100	Liebert Cassidy Whitmore	8/17/2018	CBT CLAIMS	PMCHK00000605	\$12,219.00
L 006991	LO100	Lozano Smith, LLP	8/17/2018	CBT CLAIMS	PMCHK00000605	\$228.00
L 006992	LO100	Lozano Smith, LLP	8/17/2018	CBT CLAIMS	PMCHK00000605	\$40.15
L 006993	JA100	Jackson Lewis P.C.	8/20/2018	CBT CLAIMS	PMCHK00000606	\$7,969.55
L 006994	AR100	Armen Karakhanyan	8/22/2018	CBT CLAIMS	PMCHK00000607	\$15,000.00
L 006995	LO100	Lozano Smith, LLP	8/22/2018	CBT CLAIMS	PMCHK00000607	\$25,387.00
L 006996	BE100	Best Best and Krieger LLP	9/10/2018	CBT CLAIMS	PMCHK00000608	\$15,375.04
L 006997	BE100	Best Best and Krieger LLP	9/10/2018	CBT CLAIMS	PMCHK00000608	\$432.29
L 006998	BE100	Best Best and Krieger LLP	9/10/2018	CBT CLAIMS	PMCHK00000608	\$300.00

\* Voided Checks

Check Number	Vendor ID	Vendor Check Name	Check Date	Checkbook ID	Audit Trail Code	Amount
L 006999	BE100	Best Best and Krieger LLP	9/10/2018	CBT CLAIMS	PMCHK00000608	\$1,011.99
L 007000	JA100	Jackson Lewis P.C.	9/10/2018	CBT CLAIMS	PMCHK00000608	\$2,967.59
L 007001	JA100	Jackson Lewis P.C.	9/10/2018	CBT CLAIMS	PMCHK00000608	\$3,758.15
L 007002	JA100	Jackson Lewis P.C.	9/10/2018	CBT CLAIMS	PMCHK00000608	\$4,816.50
L 007003	JA100	Jackson Lewis P.C.	9/10/2018	CBT CLAIMS	PMCHK00000608	\$9,937.50
L 007004	JA100	Jackson Lewis P.C.	9/10/2018	CBT CLAIMS	PMCHK00000608	\$289.50
L 007005	LI100	Liebert Cassidy Whitmore	9/10/2018	CBT CLAIMS	PMCHK00000608	\$19,567.95
L 007006	LI100	Liebert Cassidy Whitmore	9/10/2018	CBT CLAIMS	PMCHK00000608	\$5,764.49
L 007007	LI100	Liebert Cassidy Whitmore	9/10/2018	CBT CLAIMS	PMCHK00000608	\$541.50
L 007008	LI100	Liebert Cassidy Whitmore	9/10/2018	CBT CLAIMS	PMCHK00000608	\$93.00
L 007009	LI100	Liebert Cassidy Whitmore	9/10/2018	CBT CLAIMS	PMCHK00000608	\$7,168.79
L 007010	LO100	Lozano Smith, LLP	9/10/2018	CBT CLAIMS	PMCHK00000608	\$28.00
L 007011	BE100	Best Best and Krieger LLP	9/20/2018	CBT CLAIMS	PMCHK00000609	\$4,504.50
L 007012	JA100	Jackson Lewis P.C.	9/20/2018	CBT CLAIMS	PMCHK00000609	\$114.00
L 007013	KA105	Law Offices of Kathy M. Gandar	9/20/2018	CBT CLAIMS	PMCHK00000609	\$2,167.05
L 007014	KA105	Law Offices of Kathy M. Gandar	9/20/2018	CBT CLAIMS	PMCHK00000609	\$4,044.30
L 007015	KA105	Law Offices of Kathy M. Gandar	9/20/2018	CBT CLAIMS	PMCHK00000609	\$3,278.02
L 007016	KA105	Law Offices of Kathy M. Gandar	9/20/2018	CBT CLAIMS	PMCHK00000609	\$1,861.54
* L 007017	KR120	Kramer Workplace Investigation	9/20/2018	CBT CLAIMS	PMCHK00000609	\$7,328.50
L 007018	LI100	Liebert Cassidy Whitmore	9/20/2018	CBT CLAIMS	PMCHK00000609	\$21,824.58
L 007019	LI100	Liebert Cassidy Whitmore	9/20/2018	CBT CLAIMS	PMCHK00000609	\$112.50
L 007020	LI100	Liebert Cassidy Whitmore	9/20/2018	CBT CLAIMS	PMCHK00000609	\$4,853.97
L 007021	LI100	Liebert Cassidy Whitmore	9/20/2018	CBT CLAIMS	PMCHK00000609	\$6,969.00
L 007022	LI100	Liebert Cassidy Whitmore	9/20/2018	CBT CLAIMS	PMCHK00000609	\$11,068.00
L 007023	LI100	Liebert Cassidy Whitmore	9/20/2018	CBT CLAIMS	PMCHK00000609	\$6,409.00
L 007024	LI100	Liebert Cassidy Whitmore	9/20/2018	CBT CLAIMS	PMCHK00000609	\$2,634.73
L 007025	LI100	Liebert Cassidy Whitmore	9/20/2018	CBT CLAIMS	PMCHK00000609	\$21,686.33
L 007026	LI100	Liebert Cassidy Whitmore	9/20/2018	CBT CLAIMS	PMCHK00000609	\$4,489.54
L 007027	LI100	Liebert Cassidy Whitmore	9/20/2018	CBT CLAIMS	PMCHK00000609	\$5,249.45
L 007028	LI100	Liebert Cassidy Whitmore	9/20/2018	CBT CLAIMS	PMCHK00000609	\$10,649.40
L 007029	LI100	Liebert Cassidy Whitmore	9/20/2018	CBT CLAIMS	PMCHK00000609	\$4,069.48
L 007030	LI100	Liebert Cassidy Whitmore	9/20/2018	CBT CLAIMS	PMCHK00000609	\$387.50
L 007031	LI100	Liebert Cassidy Whitmore	9/20/2018	CBT CLAIMS	PMCHK00000609	\$44,842.73
L 007032	LO100	Lozano Smith, LLP	9/20/2018	CBT CLAIMS	PMCHK00000609	\$667.00
L 007033	RA130	Rawa Law Group, APC	9/20/2018	CBT CLAIMS	PMCHK00000609	\$1,472.50
L 007034	RA135	Client Trust Account of Rawa L	9/20/2018	CBT CLAIMS	PMCHK00000609	\$50,000.00
Total Checks: 94						Total Amount of Checks: \$902,626.86
						=====

System: 10/18/2018 12:28:55 PM  
User Date: 10/18/2018

Employment Risk Management Aut  
VENDOR CHECK REGISTER REPORT  
Payables Management

Page: 1  
User ID: cxiong

Ranges:	From:	To:		From:	To:
Check Number	First	Last	Check Date	6/1/2018	9/30/2018
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
1287	JE102	Stacy Jennings	9/10/2018	CBT PETTY	PMTRX00000732	\$288.32
1288	TU100	City of Tulare	9/28/2018	CBT PETTY	PMTRX00000736	\$56.85
PC 1282	SH115	City of Shafter	6/1/2018	CBT PETTY	PMTRX00000723	\$44.71
PC 1285	CA125	City of Cathedral City	6/15/2018	CBT PETTY	PMTRX00000723	\$50.00
PC 1286	SA170	San Joaquin County Mosquito &	6/15/2018	CBT PETTY	PMTRX00000723	\$110.01
Total Checks: 5						Total Amount of Checks: \$549.89

# Employment Risk Management Authority

## Cash & Investment Report

June 30, 2018

Accounts	Book Value	Market Value *	% of Total	Effective Yield
California Bank & Trust - Administration <sup>1</sup>	\$ 3,144	\$ 3,144	0.01%	0.00%
California Bank & Trust - General Operating <sup>1</sup>	53,615	53,615	0.22%	0.00%
California Bank & Trust - Claims Payment <sup>2</sup>	(39,786)	(39,786)	-0.16%	0.00%
Local Agency Investment Fund	927,350	925,613	3.73%	1.90%
CAMP - Money Market	75,853	75,853	0.31%	2.05%
CAMP - Investments managed by PFM	24,184,026	23,793,655	95.90%	1.94%
<b>Total</b>	<b>\$ 25,204,202</b>	<b>\$ 24,812,094</b>		<b>1.94%</b>

\* Yield to Maturity at Cost

### Notes:

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

<sup>2</sup> 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,

  
Truc Dever, Treasurer



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

[www.treasurer.ca.gov/pmia-laif/laif.asp](http://www.treasurer.ca.gov/pmia-laif/laif.asp)  
 July 11, 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**

June 2018 Statement

<b>Effective Date</b>	<b>Transaction Date</b>	<b>Tran Type</b>	<b>Confirm Number</b>	<b>Authorized Caller</b>	<b>Amount</b>
6/11/2018	6/8/2018	RW	1572473	NANCY BROADHURST	-400,000.00
6/21/2018	6/21/2018	RW	1573243	NANCY BROADHURST	-1,930,000.00

**Account Summary**

Total Deposit:	0.00	Beginning Balance:	3,257,350.38
Total Withdrawal:	-2,330,000.00	Ending Balance:	927,350.38

**ERMA  
LAIF Market Value  
6/30/2018**

<b>Adjustment for Market Value</b>	
LAIF Statement Balance	\$ 927,350.38
Fair Value Factor per LAIF Performance Report*	<u>0.998126869</u>
Adjusted Market Value	<u><u>\$ 925,613.33</u></u>



**JOHN CHIANG  
TREASURER  
STATE OF CALIFORNIA**



**PMIA Performance Report**

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
06/18/18	1.86	1.74	181
06/19/18	1.87	1.74	179
06/20/18	1.87	1.74	178
06/21/18	1.89	1.74	183
06/22/18	1.89	1.75	186
06/23/18	1.89	1.75	186
06/24/18	1.89	1.75	186
06/25/18	1.89	1.75	184
06/26/18	1.89	1.75	183
06/27/18	1.90	1.75	181
06/28/18	1.90	1.76	183
06/29/18	1.92	1.76	194
06/30/18	1.92	1.76	193
07/01/18	1.92	1.92	193
07/02/18	1.93	1.92	196
07/03/18	1.93	1.92	195
07/04/18	1.93	1.92	195
07/05/18	1.93	1.93	194
07/06/18	1.93	1.93	193
07/07/18	1.93	1.93	193
07/08/18	1.93	1.93	193
07/09/18	1.93	1.93	191
07/10/18	1.93	1.93	192
07/11/18	1.93	1.93	191
07/12/18	1.94	1.93	189
07/13/18	1.94	1.93	190
07/14/18	1.94	1.93	190
07/15/18	1.94	1.93	190
07/16/18	1.94	1.93	188
07/17/18	1.94	1.93	187
07/18/18	1.94	1.93	187

\*Daily yield does not reflect capital gains or losses

[View Prior Month Daily Rates](#)

**LAIF Performance Report**

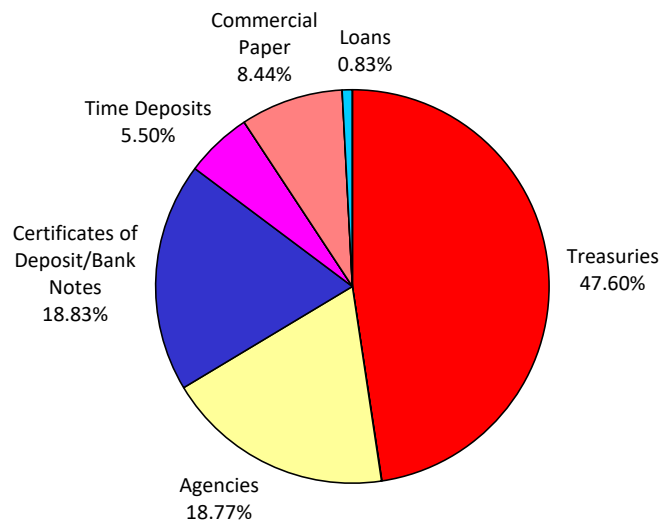
**Quarter Ending 06/30/18**

Apportionment Rate: 1.90%  
 Earnings Ratio: 0.00005216919081336  
 Fair Value Factor: 0.998126869  
 Daily: 1.92%  
 Quarter to Date: 1.76%  
 Average Life: 193

**PMIA Average Monthly  
Effective Yields**

**June 2018 1.854**  
 May 2018 1.755  
 Apr 2018 1.661

**Pooled Money Investment Account  
Portfolio Composition  
06/30/18  
\$88.8 billion**



Based on data available as of 7/18/2018

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

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

June 04, 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

May 2018 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
5/9/2018	5/8/2018	RW	1570292	NANCY BROADHURST	-300,000.00
5/23/2018	5/22/2018	RW	1571257	NANCY BROADHURST	-160,000.00

Account Summary

Total Deposit:	0.00	Beginning Balance:	3,717,350.38
Total Withdrawal:	-460,000.00	Ending Balance:	3,257,350.38

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

[www.treasurer.ca.gov/pmia-laif/laif.asp](http://www.treasurer.ca.gov/pmia-laif/laif.asp)  
May 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

April 2018 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
4/13/2018	4/12/2018	RW	1568560	NANCY BROADHURST	-50,000.00
4/13/2018	4/12/2018	QRD	1566273	SYSTEM	15,280.71

Account Summary

Total Deposit:	15,280.71	Beginning Balance:	3,752,069.67
Total Withdrawal:	-50,000.00	Ending Balance:	3,717,350.38



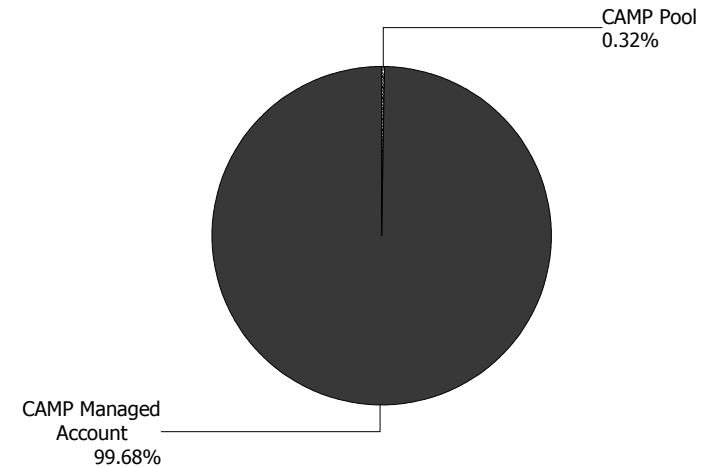
## Account Statement - Transaction Summary

For the Month Ending **June 30, 2018**

### EMPLOYMENT RISK MANAGEMENT AUTHORITY - ERMA - 596-00

<b>CAMP Pool</b>	
Opening Market Value	261,771.86
Purchases	1,491,258.05
Redemptions	(1,677,177.00)
Unsettled Trades	0.00
Change in Value	0.00
<b>Closing Market Value</b>	<b>\$75,852.91</b>
Cash Dividends and Income	285.07
<b>CAMP Managed Account</b>	
Opening Market Value	24,620,575.23
Purchases	674,905.00
Redemptions	(1,474,790.53)
Unsettled Trades	0.00
Change in Value	(27,034.78)
<b>Closing Market Value</b>	<b>\$23,793,654.92</b>
Cash Dividends and Income	(1,255.54)

<b>Asset Summary</b>		
	<b>June 30, 2018</b>	<b>May 31, 2018</b>
<b>CAMP Pool</b>	75,852.91	261,771.86
<b>CAMP Managed Account</b>	23,793,654.92	24,620,575.23
<b>Total</b>	<b>\$23,869,507.83</b>	<b>\$24,882,347.09</b>
<b>Asset Allocation</b>		





## Managed Account Detail of Securities Held

For the Month Ending **June 30, 2018**

### 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
<b>U.S. Treasury Bond / Note</b>											
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	117.34	36,152.98	35,034.20
US TREASURY NOTES DTD 05/31/2016 1.375% 05/31/2021	912828R77	650,000.00	AA+	Aaa	03/15/17	03/17/17	633,115.24	2.02	757.00	638,150.91	627,275.35
US TREASURY NOTES DTD 06/02/2014 2.000% 05/31/2021	912828WN6	750,000.00	AA+	Aaa	09/01/16	09/02/16	776,953.13	1.22	1,270.49	766,751.96	737,021.25
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	3,242.12	496,877.76	475,546.38
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	4,512.23	676,365.23	661,842.90
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	6,016.30	904,211.08	882,457.20
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	7,353.26	1,109,183.61	1,078,558.80
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	1,158.29	543,014.90	525,465.05
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	1,105.64	346,817.62	339,623.20
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	425,000.00	AA+	Aaa	01/03/18	01/04/18	419,604.49	2.18	1,342.56	420,195.14	412,399.60
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	600,000.00	AA+	Aaa	05/03/18	05/07/18	580,828.13	2.73	1,895.38	581,514.62	582,211.20
<b>Security Type Sub-Total</b>		<b>6,520,000.00</b>					<b>6,533,003.53</b>	<b>1.83</b>	<b>28,770.61</b>	<b>6,519,235.81</b>	<b>6,357,435.13</b>
<b>Supra-National Agency Bond / Note</b>											
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	349,701.43	345,458.75
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	399,419.97	393,224.80



## Managed Account Detail of Securities Held

For the Month Ending **June 30, 2018**

### 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
<b>Supra-National Agency Bond / Note</b>											
INTL BANK OF RECONSTRUCTION AND DEV NOTE DTD 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	2,953.98	623,886.85	609,468.75
INTER-AMERICAN DEVELOPMENT BANK DTD 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	503,568.72	493,275.00
INTER-AMERICAN DEVELOPMENT BANK NOTE DTD 04/19/2018 2.625% 04/19/2021	4581X0DB1	150,000.00	AAA	Aaa	04/12/18	04/19/18	149,670.00	2.70	787.50	149,691.27	149,279.85
<b>Security Type Sub-Total</b>		<b>2,025,000.00</b>					<b>2,025,806.55</b>	<b>1.68</b>	<b>6,627.59</b>	<b>2,026,268.24</b>	<b>1,990,707.15</b>
<b>Municipal Bond / Note</b>											
CT ST TXBL GO BONDS DTD 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	275,225.08	269,417.50
<b>Security Type Sub-Total</b>		<b>275,000.00</b>					<b>275,594.00</b>	<b>1.23</b>	<b>1,350.56</b>	<b>275,225.08</b>	<b>269,417.50</b>
<b>Federal Agency Collateralized Mortgage Obligation</b>											
FNMA SERIES 2015-M15 ASQ2 DTD 11/01/2015 1.898% 01/01/2019	3136AOSW1	21,221.86	AA+	Aaa	11/06/15	11/30/15	21,434.07	1.20	33.57	21,230.73	21,156.91
FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AODO0	76,620.06	AA+	Aaa	10/07/15	10/30/15	77,387.34	1.08	105.10	76,776.82	76,227.41
FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/25/2021	3136B1XP4	165,000.00	AA+	Aaa	04/11/18	04/30/18	168,282.02	2.27	489.50	168,184.95	167,333.12
FHLMC MULTIFAMILY STRUCTURED P POOL DTD 12/01/2015 3.090% 08/25/2022	3137BM6P6	130,000.00	AA+	Aaa	04/04/18	04/09/18	131,107.03	2.61	334.75	131,045.23	130,050.48
<b>Security Type Sub-Total</b>		<b>392,841.92</b>					<b>398,210.46</b>	<b>2.10</b>	<b>962.92</b>	<b>397,237.73</b>	<b>394,767.92</b>
<b>Federal Agency Bond / Note</b>											
FEDERAL HOME LOAN BANK AGENCY NOTES DTD 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	99,915.26	99,115.20





## Managed Account Detail of Securities Held

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Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Federal Agency Bond / Note</b>											
FHLB GLOBAL NOTE DTD 08/04/2016 0.875% 08/05/2019	3130A8Y72	35,000.00	AA+	Aaa	08/03/16	08/04/16	34,932.80	0.94	124.20	34,975.29	34,411.41
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	149,908.45	147,546.75
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	149,946.41	147,465.00
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	622,662.84	598,073.75
<b>Security Type Sub-Total</b>		<b>1,060,000.00</b>					<b>1,055,613.18</b>	<b>1.27</b>	<b>4,793.21</b>	<b>1,057,408.25</b>	<b>1,026,612.11</b>
<b>Corporate Note</b>											
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	34,993.62	34,817.76
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	250,272.83	248,590.25
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	34,972.93	34,757.91
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	199,964.40	198,616.60
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	99,983.43	99,198.80
BURLINGTON NRTN 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	129,972.50	127,827.75
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	249,948.25	247,192.25
MICROSOFT CORP NOTES 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	224,918.71	222,124.95



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Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Corporate Note</b>											
AMERICAN EXPRESS CREDIT (CALLABLE) NOTE 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	179,894.15	177,638.40
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	99,985.25	98,343.10
TOYOTA MOTOR CREDIT CORP 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	349,902.60	343,978.95
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	199,872.16	196,611.20
HOME DEPOT INC CORP NOTES DTD 06/05/2017 1.800% 06/05/2020	437076BQ4	125,000.00	A	A2	05/24/17	06/05/17	124,927.50	1.82	162.50	124,952.97	122,751.63
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	252,897.42	247,777.25
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	99,930.25	97,925.40
CATERPILLAR FINL SERVICE NOTE DTD 09/07/2017 1.850% 09/04/2020	14913O2A6	185,000.00	A	A3	09/05/17	09/07/17	184,844.60	1.88	1,112.31	184,886.09	180,154.85
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	124,991.07	121,991.13
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	211.11	249,719.35	244,934.00
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	582.29	64,975.42	63,212.57
IBM CORP CORP NOTES DTD 02/06/2018 2.650% 02/05/2021	44932HAG8	250,000.00	A+	A1	02/01/18	02/06/18	249,877.50	2.67	2,668.40	249,893.34	247,630.75
AMERICAN HONDA FINANCE DTD 02/15/2018 2.650% 02/12/2021	02665WCD1	125,000.00	A+	A2	02/12/18	02/15/18	124,825.00	2.70	1,251.39	124,846.25	123,706.38



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Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Corporate Note</b>											
NATIONAL RURAL UTIL COOP DTD 02/26/2018 2.900% 03/15/2021	63743HER9	100,000.00	A	A2	02/21/18	02/26/18	99,889.00	2.94	1,006.94	99,901.80	99,256.10
NATIONAL RURAL UTIL COOP DTD 02/26/2018 2.900% 03/15/2021	63743HER9	150,000.00	A	A2	04/12/18	04/19/18	149,365.50	3.05	1,510.42	149,409.81	148,884.15
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	696.67	164,973.45	160,868.24
BANK OF AMERICA CORP NOTE DTD 04/19/2016 2.625% 04/19/2021	06051GFW4	25,000.00	A-	A3	11/01/17	11/03/17	25,194.00	2.39	131.25	25,158.24	24,559.43
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	250,661.44	244,172.00
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	250,308.99	242,202.75
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	149,835.88	145,759.65
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	124,951.78	120,784.25
HERSHEY COMPANY CORP NOTES DTD 05/10/2018 3.100% 05/15/2021	427866BA5	100,000.00	A	A1	05/03/18	05/10/18	99,931.00	3.12	439.17	99,934.20	100,112.20
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	69,843.83	67,814.67
CHARLES SCHWAB CORP CORP NOTES DTD 05/22/2018 3.250% 05/21/2021	808513AW5	160,000.00	A	A2	05/17/18	05/22/18	159,995.20	3.25	563.33	159,995.35	160,639.36
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	1,018.50	175,000.00	171,081.23
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	224,265.79	220,155.53



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Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Corporate Note</b>											
BANK OF AMERICA CORP DTD 05/17/2018 3.499% 05/17/2022	06051GHH5	50,000.00	A-	A3	05/14/18	05/17/18	50,000.00	3.50	213.83	50,000.00	49,982.85
<b>Security Type Sub-Total</b>		<b>5,520,000.00</b>					<b>5,537,085.45</b>	<b>2.24</b>	<b>31,002.43</b>	<b>5,526,013.55</b>	<b>5,436,054.29</b>
<b>Commercial Paper</b>											
MUFG BANK LTD/NY 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	499,567.22	499,410.50
<b>Security Type Sub-Total</b>		<b>500,000.00</b>					<b>493,872.78</b>	<b>1.66</b>	<b>0.00</b>	<b>499,567.22</b>	<b>499,410.50</b>
<b>Certificate of Deposit</b>											
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	499,918.24	498,693.00
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	499,328.00
SVENSKA HANDELSBANKEN NY LT CD DTD 01/12/2017 1.890% 01/10/2019	86958JHB8	500,000.00	A-1+	P-1	01/10/17	01/12/17	500,000.00	1.91	4,515.00	500,000.00	497,828.50
BANK OF MONTREAL CHICAGO CERT DEPOS DTD 02/09/2017 1.880% 02/07/2019	06427KRC3	500,000.00	A-1	P-1	02/08/17	02/09/17	500,000.00	1.90	3,760.00	500,000.00	499,068.50
BANK OF NOVA SCOTIA HOUSTON LT CD DTD 04/06/2017 1.910% 04/05/2019	06417GUE6	250,000.00	A-1	P-1	04/05/17	04/06/17	250,000.00	1.91	1,153.96	250,000.00	248,548.00
SUMITOMO MITSUI BANK NY CD DTD 05/04/2017 2.050% 05/03/2019	86563YVN0	500,000.00	A-1	P-1	05/03/17	05/04/17	500,000.00	2.05	1,679.86	500,000.00	497,874.00
SKANDINAV ENSKILDA BANKEN NY CD DTD 08/04/2017 1.840% 08/02/2019	83050FXT3	500,000.00	A+	Aa2	08/03/17	08/04/17	499,805.00	1.85	3,807.78	499,893.66	495,686.50
MUFG BANK LTD/NY CERT DEPOS 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	3,981.88	250,000.00	247,500.25
CREDIT SUISSE NEW YORK CERT DEPOS DTD 02/08/2018 2.670% 02/07/2020	22549LFR1	250,000.00	A	A1	02/07/18	02/08/18	250,000.00	2.67	2,651.46	250,000.00	249,990.75



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Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Certificate of Deposit</b>											
UBS AG STAMFORD CT LT CD DTD 03/06/2018 2.900% 03/02/2020	90275DHG8	250,000.00	A+	Aa2	03/02/18	03/06/18	250,000.00	2.93	2,356.25	250,000.00	250,822.00
BANK OF NOVA SCOTIA HOUSTON CD DTD 06/07/2018 3.080% 06/05/2020	06417GU22	250,000.00	A+	A1	06/05/18	06/07/18	249,905.00	3.10	513.33	249,908.07	251,387.25
WESTPAC BANKING CORP NY CD DTD 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	442,878.30
SWEDBANK (NEW YORK) CERT DEPOS DTD 11/17/2017 2.270% 11/16/2020	87019U6D6	500,000.00	AA-	Aa2	11/16/17	11/17/17	500,000.00	2.30	1,450.28	500,000.00	489,559.00
ROYAL BANK OF CANADA NY CD DTD 06/08/2018 3.240% 06/07/2021	78012UEE1	425,000.00	AA-	A1	06/07/18	06/08/18	425,000.00	3.24	879.75	425,000.00	427,991.15
<b>Security Type Sub-Total</b>		<b>5,625,000.00</b>					<b>5,624,320.00</b>	<b>2.18</b>	<b>31,979.55</b>	<b>5,624,719.97</b>	<b>5,597,155.20</b>
<b>Asset-Backed Security / Collateralized Mortgage Obligation</b>											
CARMAX ABS 2016-4 A2 DTD 10/26/2016 1.210% 11/15/2019	14312OAB2	20,909.23	NR	Aaa	10/19/16	10/26/16	20,908.10	1.21	11.24	20,908.75	20,890.09
HONDA ABS 2016-1 A3 DTD 02/25/2016 1.220% 12/18/2019	43814NAC9	24,345.99	AAA	NR	02/16/16	02/25/16	24,342.53	1.23	10.73	24,344.86	24,237.91
FORD ABS 2015-C A3 DTD 09/22/2015 1.410% 02/15/2020	34530YAD5	29,819.58	AAA	Aaa	09/15/15	09/22/15	29,813.77	1.42	18.69	29,818.27	29,758.41
NISSAN ABS 2015-B A3 DTD 07/22/2015 1.340% 03/15/2020	65475WAD0	78,806.44	NR	Aaa	07/15/15	07/22/15	78,800.19	1.34	46.93	78,804.52	78,528.61
TOYOTA ABS 2016-A A3 DTD 03/02/2016 1.250% 03/15/2020	89237KAD5	85,058.25	AAA	Aaa	02/23/16	03/02/16	85,053.43	1.25	47.25	85,056.48	84,654.51
JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020	47788NAC2	40,921.60	NR	Aaa	07/19/16	07/27/16	40,918.34	1.25	22.73	40,920.16	40,642.02
FORD ABS 2016-A A3 DTD 01/26/2016 1.390% 07/15/2020	34531PAD3	55,681.58	AAA	NR	01/20/16	01/26/16	55,680.40	1.39	34.40	55,681.11	55,428.56
ALLY ABS 2016-3 A3 DTD 05/31/2016 1.440% 08/15/2020	02007LAC6	49,367.45	AAA	Aaa	05/24/16	05/31/16	49,362.66	1.44	31.60	49,365.17	49,146.42



## Managed Account Detail of Securities Held

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Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Asset-Backed Security / Collateralized Mortgage Obligation</b>											
HYUNDAI ABS 2016-A A3 DTD 03/30/2016 1.560% 09/15/2020	44930UAD8	40,828.78	AAA	Aaa	03/22/16	03/30/16	40,820.86	1.57	28.31	40,825.23	40,626.34
HONDA ABS 2016-4 A3 DTD 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	224,992.15	222,587.73
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	378,400.01
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	124,990.01	123,782.48
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	129,990.01	128,297.03
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	99,994.25	99,170.88
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	329,999.28	326,205.43
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	359,970.34	356,788.94
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	64,994.23	63,960.70
TAOT 2018-A A3 DTD 01/31/2018 2.350% 05/16/2022	89238BAD4	100,000.00	AAA	Aaa	01/23/18	01/31/18	99,998.85	2.35	104.44	99,999.01	98,989.05
<b>Security Type Sub-Total</b>		<b>2,240,738.90</b>					<b>2,240,520.11</b>	<b>1.60</b>	<b>4,284.71</b>	<b>2,240,653.83</b>	<b>2,222,095.12</b>
<b>Managed Account Sub-Total</b>		<b>24,158,580.82</b>					<b>24,184,026.06</b>	<b>1.94</b>	<b>109,771.58</b>	<b>24,166,329.68</b>	<b>23,793,654.92</b>
<b>Money Market Mutual Fund</b>											
CAMP Pool		75,852.91	AAAm	NR			75,852.91		0.00	75,852.91	75,852.91
<b>Money Market Sub-Total</b>		<b>75,852.91</b>					<b>75,852.91</b>		<b>0.00</b>	<b>75,852.91</b>	<b>75,852.91</b>



## Managed Account Detail of Securities Held

For the Month Ending **June 30, 2018**

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

<b>Securities Sub-Total</b>	<b>\$24,234,433.73</b>	<b>\$24,259,878.97</b>	<b>1.94%</b>	<b>\$109,771.58</b>	<b>\$24,242,182.59</b>	<b>\$23,869,507.83</b>
<b>Accrued Interest</b>						<b>\$109,771.58</b>
<b>Total Investments</b>						<b>\$23,979,279.41</b>



## Managed Account Security Transactions & Interest

For the Month Ending **June 30, 2018**

### 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										
06/05/18	06/07/18	BANK OF NOVA SCOTIA HOUSTON CD DTD 06/07/2018 3.080% 06/05/2020	06417GU22	250,000.00	(249,905.00)	0.00	(249,905.00)			
06/07/18	06/08/18	ROYAL BANK OF CANADA NY CD DTD 06/08/2018 3.240% 06/07/2021	78012UEE1	425,000.00	(425,000.00)	0.00	(425,000.00)			
Transaction Type Sub-Total				675,000.00	(674,905.00)	0.00	(674,905.00)			
INTEREST										
06/01/18	06/25/18	FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/25/2021	3136B1XP4	165,000.00	0.00	489.50	489.50			
06/01/18	06/25/18	FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AOD00	79,451.50	0.00	112.87	112.87			
06/01/18	06/25/18	FNMA SERIES 2015-M15 ASQ2 DTD 11/01/2015 1.898% 01/01/2019	3136AQSW1	23,569.05	0.00	37.28	37.28			
06/01/18	06/25/18	FHLMC MULTIFAMILY STRUCTURED P POOL DTD 12/01/2015 3.090% 08/25/2022	3137BM6P6	130,000.00	0.00	334.75	334.75			
06/05/18	06/05/18	HOME DEPOT INC CORP NOTES DTD 06/05/2017 1.800% 06/05/2020	437076BQ4	125,000.00	0.00	1,125.00	1,125.00			
06/07/18	06/07/18	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			
06/15/18	06/15/18	CARMAX ABS 2016-4 A2 DTD 10/26/2016 1.210% 11/15/2019	14312QAB2	33,075.37	0.00	33.35	33.35			
06/15/18	06/15/18	FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	330,000.00	0.00	459.25	459.25			
06/15/18	06/15/18	TAOT 2018-A A3 DTD 01/31/2018 2.350% 05/16/2022	89238BAD4	100,000.00	0.00	195.83	195.83			
06/15/18	06/15/18	WAL-MART STORES INC CORP NOTE DTD 10/20/2017 1.900% 12/15/2020	931142EA7	250,000.00	0.00	3,100.69	3,100.69			
06/15/18	06/15/18	FORD ABS 2016-A A3 DTD 01/26/2016 1.390% 07/15/2020	34531PAD3	62,229.42	0.00	72.08	72.08			
06/15/18	06/15/18	TOYOTA ABS 2017-A A3 DTD 03/15/2017 1.730% 02/15/2021	89238MAD0	125,000.00	0.00	180.21	180.21			
06/15/18	06/15/18	JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020	47788NAC2	44,105.60	0.00	45.94	45.94			





## Managed Account Security Transactions & Interest

For the Month Ending **June 30, 2018**

**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										
06/15/18	06/15/18	NISSAN ABS 2015-B A3 DTD 07/22/2015 1.340% 03/15/2020	65475WAD0	90,217.55	0.00	100.74	100.74			
06/15/18	06/15/18	ALLY ABS 2017-2 A3 DTD 03/29/2017 1.780% 08/15/2021	02007HAC5	360,000.00	0.00	534.00	534.00			
06/15/18	06/15/18	ALLY ABS 2017-1 A3 DTD 01/31/2017 1.700% 06/15/2021	02007PAC7	100,000.00	0.00	141.67	141.67			
06/15/18	06/15/18	HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	130,000.00	0.00	139.75	139.75			
06/15/18	06/15/18	HYUNDAI ABS 2016-A A3 DTD 03/30/2016 1.560% 09/15/2020	44930UAD8	44,689.59	0.00	58.10	58.10			
06/15/18	06/15/18	ALLY ABS 2016-3 A3 DTD 05/31/2016 1.440% 08/15/2020	02007LAC6	54,779.63	0.00	65.74	65.74			
06/15/18	06/15/18	FORD ABS 2015-C A3 DTD 09/22/2015 1.410% 02/15/2020	34530YAD5	36,460.91	0.00	42.84	42.84			
06/15/18	06/15/18	TOYOTA ABS 2016-A A3 DTD 03/02/2016 1.250% 03/15/2020	89237KAD5	95,264.37	0.00	99.23	99.23			
06/18/18	06/18/18	HAROT 2017-3 A3 DTD 09/29/2017 1.790% 09/18/2021	43814PAC4	65,000.00	0.00	96.96	96.96			
06/18/18	06/18/18	HONDA ABS 2016-4 A3 DTD 10/25/2016 1.210% 12/18/2020	43814RAC0	225,000.00	0.00	226.87	226.87			
06/18/18	06/18/18	HONDA ABS 2016-1 A3 DTD 02/25/2016 1.220% 12/18/2019	43814NAC9	27,646.66	0.00	28.11	28.11			
06/23/18	06/23/18	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			

<b>Transaction Type Sub-Total</b>			<b>3,046,489.65</b>	<b>0.00</b>	<b>12,183.26</b>	<b>12,183.26</b>
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<b>PAYDOWNS</b>										
06/01/18	06/25/18	FNMA SERIES 2015-M15 ASQ2 DTD 11/01/2015 1.898% 01/01/2019	3136AOSW1	2,347.19	2,347.19	0.00	2,347.19	(23.47)	0.00	
06/01/18	06/25/18	FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AODO0	2,831.44	2,831.44	0.00	2,831.44	(28.35)	0.00	
06/15/18	06/15/18	FORD ABS 2015-C A3 DTD 09/22/2015 1.410% 02/15/2020	34530YAD5	6,641.33	6,641.33	0.00	6,641.33	1.29	0.00	



## Managed Account Security Transactions & Interest

For the Month Ending **June 30, 2018**

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

Transaction Type		Security Description	CUSIP	Par	Principal	Accrued	Total	Realized G/L	Realized G/L	Sale
Trade	Settle				Proceeds	Interest		Cost	Amort Cost	
PAYDOWNS										
06/15/18	06/15/18	FORD ABS 2016-A A3 DTD 01/26/2016 1.390% 07/15/2020	34531PAD3	6,547.84	6,547.84	0.00	6,547.84	0.14	0.00	
06/15/18	06/15/18	TOYOTA ABS 2016-A A3 DTD 03/02/2016 1.250% 03/15/2020	89237KAD5	10,206.12	10,206.12	0.00	10,206.12	0.58	0.00	
06/15/18	06/15/18	NISSAN ABS 2015-B A3 DTD 07/22/2015 1.340% 03/15/2020	65475WAD0	11,411.11	11,411.11	0.00	11,411.11	0.91	0.00	
06/15/18	06/15/18	HYUNDAI ABS 2016-A A3 DTD 03/30/2016 1.560% 09/15/2020	44930UAD8	3,860.81	3,860.81	0.00	3,860.81	0.75	0.00	
06/15/18	06/15/18	CARMAX ABS 2016-4 A2 DTD 10/26/2016 1.210% 11/15/2019	14312OAB2	12,166.14	12,166.14	0.00	12,166.14	0.66	0.00	
06/15/18	06/15/18	ALLY ABS 2016-3 A3 DTD 05/31/2016 1.440% 08/15/2020	02007LAC6	5,412.18	5,412.18	0.00	5,412.18	0.53	0.00	
06/15/18	06/15/18	JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020	47788NAC2	3,184.00	3,184.00	0.00	3,184.00	0.25	0.00	
06/18/18	06/18/18	HONDA ABS 2016-1 A3 DTD 02/25/2016 1.220% 12/18/2019	43814NAC9	3,300.67	3,300.67	0.00	3,300.67	0.47	0.00	
Transaction Type Sub-Total				67,908.83	67,908.83	0.00	67,908.83	(46.24)	0.00	
SELL										
06/05/18	06/07/18	BANK OF NOVA SCOTIA HOUSTON LT CD DTD 04/06/2017 1.910% 04/05/2019	06417GUE6	250,000.00	248,532.50	835.63	249,368.13	(1,467.50)	(1,467.50)	FIFO
06/07/18	06/08/18	FHLB GLOBAL NOTE DTD 08/04/2016 0.875% 08/05/2019	3130A8Y72	175,000.00	171,949.75	523.18	172,472.93	(2,714.25)	(2,919.54)	FIFO
06/15/18	06/19/18	FHLB GLOBAL NOTE DTD 08/04/2016 0.875% 08/05/2019	3130A8Y72	165,000.00	162,120.75	537.40	162,658.15	(2,562.45)	(2,759.24)	FIFO
06/15/18	06/19/18	AMER EXP CRD CRP NT (CALLED OMD 7/31/18) DTD 07/31/2015 1.800% 07/02/2018	0258M0DV8	70,000.00	69,985.30	486.50	70,471.80	(285.60)	(17.80)	FIFO
06/15/18	06/19/18	FNMA BENCHMARK NOTE DTD 08/02/2016 0.875% 08/02/2019	3135G0N33	80,000.00	78,615.20	266.39	78,881.59	(1,250.40)	(1,334.22)	FIFO
06/15/18	06/19/18	FHLB NOTES DTD 11/17/2016 1.375% 11/15/2019	3130AA3R7	600,000.00	590,736.00	779.17	591,515.17	(9,126.00)	(9,198.46)	FIFO



## Managed Account Security Transactions & Interest

For the Month Ending **June 30, 2018**

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									
SELL										
06/15/18	06/19/18	TOYOTA MOTOR CREDIT CORP DTD 07/13/2015 1.550% 07/13/2018	89236TCP8	85,000.00	84,942.20	570.92	85,513.12	14.45	(56.16)	FIFO
Transaction Type Sub-Total				1,425,000.00	1,406,881.70	3,999.19	1,410,880.89	(17,391.75)	(17,752.92)	
Managed Account Sub-Total					799,885.53	16,182.45	816,067.98	(17,437.99)	(17,752.92)	
Total Security Transactions					\$799,885.53	\$16,182.45	\$816,067.98	(\$17,437.99)	(\$17,752.92)	



## Managed Account Security Transactions & Interest

For the Month Ending **May 31, 2018**

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

Transaction Type		Security Description	CUSIP	Par	Principal	Accrued	Total	Realized G/L	Realized G/L	Sale
Trade	Settle				Proceeds	Interest		Cost	Amort Cost	
BUY										
05/03/18	05/07/18	US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	600,000.00	(580,828.13)	(213.99)	(581,042.12)			
05/03/18	05/10/18	HERSHEY COMPANY CORP NOTES DTD 05/10/2018 3.100% 05/15/2021	427866BA5	100,000.00	(99,931.00)	0.00	(99,931.00)			
05/14/18	05/17/18	BANK OF AMERICA CORP DTD 05/17/2018 3.499% 05/17/2022	06051GHH5	50,000.00	(50,000.00)	0.00	(50,000.00)			
05/17/18	05/22/18	CHARLES SCHWAB CORP CORP NOTES DTD 05/22/2018 3.250% 05/21/2021	808513AW5	160,000.00	(159,995.20)	0.00	(159,995.20)			
Transaction Type Sub-Total				910,000.00	(890,754.33)	(213.99)	(890,968.32)			
INTEREST										
05/01/18	05/25/18	FHLMC MULTIFAMILY STRUCTURED P POOL DTD 12/01/2015 3.090% 08/25/2022	3137BM6P6	130,000.00	0.00	334.75	334.75			
05/01/18	05/25/18	FNMA SERIES 2015-M15 ASQ2 DTD 11/01/2015 1.898% 01/01/2019	3136AQSW1	26,536.81	0.00	45.25	45.25			
05/01/18	05/25/18	FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AQDQ0	86,985.36	0.00	119.31	119.31			
05/01/18	05/25/18	FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/25/2021	3136B1XP4	165,000.00	0.00	489.50	489.50			
05/03/18	05/03/18	SUMITOMO MITSUI BANK NY CD DTD 05/04/2017 2.050% 05/03/2019	86563YVN0	500,000.00	0.00	5,153.47	5,153.47			
05/03/18	05/03/18	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			
05/05/18	05/05/18	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			
05/09/18	05/09/18	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			
05/10/18	05/10/18	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			



## Managed Account Security Transactions & Interest

For the Month Ending **May 31, 2018**

**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										
05/11/18	05/11/18	APPLE INC BONDS DTD 05/11/2017 1.800% 05/11/2020	037833CS7	200,000.00	0.00	1,800.00	1,800.00			
05/12/18	05/12/18	INTER-AMERICAN DEVEL BK NOTE DTD 04/12/2017 1.625% 05/12/2020	4581X0CX4	400,000.00	0.00	3,250.00	3,250.00			
05/13/18	05/13/18	PACCAR FINANCIAL CORP NOTES DTD 11/13/2017 2.050% 11/13/2020	69371RN85	125,000.00	0.00	1,281.25	1,281.25			
05/13/18	05/13/18	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			
05/15/18	05/15/18	ALLY ABS 2016-3 A3 DTD 05/31/2016 1.440% 08/15/2020	02007LAC6	60,360.92	0.00	72.43	72.43			
05/15/18	05/15/18	ALLY ABS 2017-1 A3 DTD 01/31/2017 1.700% 06/15/2021	02007PAC7	100,000.00	0.00	141.67	141.67			
05/15/18	05/15/18	FORD ABS 2015-C A3 DTD 09/22/2015 1.410% 02/15/2020	34530YAD5	43,192.59	0.00	50.75	50.75			
05/15/18	05/15/18	TOYOTA ABS 2016-A A3 DTD 03/02/2016 1.250% 03/15/2020	89237KAD5	105,792.61	0.00	110.20	110.20			
05/15/18	05/15/18	ALLY ABS 2017-2 A3 DTD 03/29/2017 1.780% 08/15/2021	02007HAC5	360,000.00	0.00	534.00	534.00			
05/15/18	05/15/18	CARMAX ABS 2016-4 A2 DTD 10/26/2016 1.210% 11/15/2019	14312QAB2	45,719.64	0.00	46.10	46.10			
05/15/18	05/15/18	TAOT 2018-A A3 DTD 01/31/2018 2.350% 05/16/2022	89238BAD4	100,000.00	0.00	195.83	195.83			
05/15/18	05/15/18	US TREASURY NOTES DTD 11/15/2010 2.625% 11/15/2020	912828PC8	35,000.00	0.00	459.38	459.38			
05/15/18	05/15/18	FORD ABS 2016-A A3 DTD 01/26/2016 1.390% 07/15/2020	34531PAD3	68,352.05	0.00	79.17	79.17			
05/15/18	05/15/18	TOYOTA ABS 2017-A A3 DTD 03/15/2017 1.730% 02/15/2021	89238MAD0	125,000.00	0.00	180.21	180.21			
05/15/18	05/15/18	FHLB NOTES DTD 11/17/2016 1.375% 11/15/2019	3130AA3R7	600,000.00	0.00	4,125.00	4,125.00			
05/15/18	05/15/18	FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	330,000.00	0.00	459.25	459.25			
05/15/18	05/15/18	HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	130,000.00	0.00	139.75	139.75			



## Managed Account Security Transactions & Interest

For the Month Ending **May 31, 2018**

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										
05/15/18	05/15/18	JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020	47788NAC2	49,694.60	0.00	51.77	51.77			
05/15/18	05/15/18	HYUNDAI ABS 2016-A A3 DTD 03/30/2016 1.560% 09/15/2020	44930UAD8	48,397.77	0.00	62.92	62.92			
05/15/18	05/15/18	NISSAN ABS 2015-B A3 DTD 07/22/2015 1.340% 03/15/2020	65475WAD0	102,262.53	0.00	114.19	114.19			
05/16/18	05/16/18	SWEDBANK (NEW YORK) CERT DEPOS DTD 11/17/2017 2.270% 11/16/2020	87019U6D6	500,000.00	0.00	5,675.00	5,675.00			
05/18/18	05/18/18	HAROT 2017-3 A3 DTD 09/29/2017 1.790% 09/18/2021	43814PAC4	65,000.00	0.00	96.96	96.96			
05/18/18	05/18/18	HONDA ABS 2016-1 A3 DTD 02/25/2016 1.220% 12/18/2019	43814NAC9	31,073.56	0.00	31.59	31.59			
05/18/18	05/18/18	HONDA ABS 2016-4 A3 DTD 10/25/2016 1.210% 12/18/2020	43814RAC0	225,000.00	0.00	226.87	226.87			
05/19/18	05/19/18	STATE STREET CORP NOTES DTD 05/19/2016 1.950% 05/19/2021	857477AV5	70,000.00	0.00	682.50	682.50			
05/22/18	05/22/18	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			
05/28/18	05/28/18	FEDERAL HOME LOAN BANK AGENCY NOTES DTD 05/12/2017 1.375% 05/28/2019	3130ABF92	100,000.00	0.00	687.50	687.50			
05/30/18	05/30/18	NORDEA BANK FINLAND NY CD DTD 12/05/2016 1.760% 11/30/2018	65558LWA6	500,000.00	0.00	4,424.44	4,424.44			
05/30/18	05/30/18	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			
05/31/18	05/31/18	US TREASURY NOTES DTD 06/02/2014 2.000% 05/31/2021	912828WN6	750,000.00	0.00	7,500.00	7,500.00			
05/31/18	05/31/18	US TREASURY NOTES DTD 05/31/2016 1.375% 05/31/2021	912828R77	650,000.00	0.00	4,468.75	4,468.75			
Transaction Type Sub-Total				8,978,368.44	0.00	62,283.51	62,283.51			
MATURITY										



## Managed Account Security Transactions & Interest

For the Month Ending **May 31, 2018**

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

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L	Realized G/L	Sale Method
Trade	Settle							Cost	Amort Cost	
MATURITY										
05/22/18	05/22/18	BANK OF NEW YORK MELLON CORP (CALLABLE) DTD 05/29/2015 1.600% 05/22/2018	06406HDB2	275,000.00	275,000.00	0.00	275,000.00	24.75	0.00	
Transaction Type Sub-Total				275,000.00	275,000.00	0.00	275,000.00	24.75	0.00	
PAYDOWNS										
05/01/18	05/25/18	FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AQDQ0	7,533.86	7,533.86	0.00	7,533.86	(75.44)	0.00	
05/01/18	05/25/18	FNMA SERIES 2015-M15 ASQ2 DTD 11/01/2015 1.898% 01/01/2019	3136AOSW1	2,967.76	2,967.76	0.00	2,967.76	(29.68)	0.00	
05/15/18	05/15/18	CARMAX ABS 2016-4 A2 DTD 10/26/2016 1.210% 11/15/2019	14312QAB2	12,644.27	12,644.27	0.00	12,644.27	0.69	0.00	
05/15/18	05/15/18	HYUNDAI ABS 2016-A A3 DTD 03/30/2016 1.560% 09/15/2020	44930UAD8	3,708.18	3,708.18	0.00	3,708.18	0.72	0.00	
05/15/18	05/15/18	ALLY ABS 2016-3 A3 DTD 05/31/2016 1.440% 08/15/2020	02007LAC6	5,581.29	5,581.29	0.00	5,581.29	0.54	0.00	
05/15/18	05/15/18	NISSAN ABS 2015-B A3 DTD 07/22/2015 1.340% 03/15/2020	65475WAD0	12,044.98	12,044.98	0.00	12,044.98	0.96	0.00	
05/15/18	05/15/18	TOYOTA ABS 2016-A A3 DTD 03/02/2016 1.250% 03/15/2020	89237KAD5	10,528.24	10,528.24	0.00	10,528.24	0.60	0.00	
05/15/18	05/15/18	FORD ABS 2015-C A3 DTD 09/22/2015 1.410% 02/15/2020	34530YAD5	6,731.68	6,731.68	0.00	6,731.68	1.31	0.00	
05/15/18	05/15/18	FORD ABS 2016-A A3 DTD 01/26/2016 1.390% 07/15/2020	34531PAD3	6,122.63	6,122.63	0.00	6,122.63	0.13	0.00	
05/15/18	05/15/18	JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020	47788NAC2	5,589.00	5,589.00	0.00	5,589.00	0.44	0.00	
05/18/18	05/18/18	HONDA ABS 2016-1 A3 DTD 02/25/2016 1.220% 12/18/2019	43814NAC9	3,426.90	3,426.90	0.00	3,426.90	0.49	0.00	
Transaction Type Sub-Total				76,878.79	76,878.79	0.00	76,878.79	(99.24)	0.00	
SELL										
05/03/18	05/07/18	CISCO SYSTEMS INC CORP NOTE DTD 06/17/2015 1.650% 06/15/2018	17275RAU6	450,000.00	449,788.50	2,928.75	452,717.25	(135.00)	(208.74)	FIFO



## Managed Account Security Transactions & Interest

For the Month Ending **May 31, 2018**

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

Transaction Type		Security Description	CUSIP	Par	Principal	Accrued	Total	Realized G/L	Realized G/L	Sale
Trade	Settle				Proceeds	Interest		Cost	Amort Cost	Method
SELL										
05/03/18	05/10/18	US TREASURY NOTES DTD 06/02/2014 2.000% 05/31/2021	912828WN6	100,000.00	98,070.31	884.62	98,954.93	(5,523.44)	(4,270.42)	FIFO
05/14/18	05/17/18	BANK OF AMERICA CORP NOTE DTD 04/19/2016 2.625% 04/19/2021	06051GFW4	50,000.00	49,051.50	102.08	49,153.58	(1,336.50)	(1,278.36)	FIFO
Transaction Type Sub-Total				600,000.00	596,910.31	3,915.45	600,825.76	(6,994.94)	(5,757.52)	
Managed Account Sub-Total					58,034.77	65,984.97	124,019.74	(7,069.43)	(5,757.52)	
Total Security Transactions					\$58,034.77	\$65,984.97	\$124,019.74	(\$7,069.43)	(\$5,757.52)	





## Managed Account Security Transactions & Interest

For the Month Ending **April 30, 2018**

### 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										
04/04/18	04/09/18	FHLMC MULTIFAMILY STRUCTURED P POOL DTD 12/01/2015 3.090% 08/25/2022	3137BM6P6	130,000.00	(131,107.03)	(89.27)	(131,196.30)			
04/11/18	04/30/18	FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/25/2021	3136B1XP4	165,000.00	(168,282.02)	(473.18)	(168,755.20)			
04/12/18	04/19/18	NATIONAL RURAL UTIL COOP DTD 02/26/2018 2.900% 03/15/2021	63743HER9	150,000.00	(149,365.50)	(640.42)	(150,005.92)			
04/12/18	04/19/18	INTER-AMERICAN DEVELOPMENT BANK NOTE DTD 04/19/2018 2.625% 04/19/2021	4581X0DB1	150,000.00	(149,670.00)	0.00	(149,670.00)			

<b>Transaction Type Sub-Total</b>			<b>595,000.00</b>	<b>(598,424.55)</b>	<b>(1,202.87)</b>	<b>(599,627.42)</b>
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<b>INTEREST</b>										
04/01/18	04/01/18	BANK OF AMERICA CORP (CALLABLE) DTD 09/18/2017 2.328% 10/01/2021	06051GGS2	175,000.00	0.00	2,184.12	2,184.12			
04/01/18	04/01/18	BURLINGTON NRTH CORP DTD 09/24/2009 4.700% 10/01/2019	12189TBC7	125,000.00	0.00	2,937.50	2,937.50			
04/01/18	04/25/18	FNMA SERIES 2015-M15 ASQ2 DTD 11/01/2015 1.898% 01/01/2019	3136AQSW1	33,575.54	0.00	71.00	71.00			
04/01/18	04/25/18	FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AODO0	88,281.66	0.00	130.75	130.75			
04/05/18	04/05/18	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			
04/15/18	04/15/18	FORD ABS 2015-C A3 DTD 09/22/2015 1.410% 02/15/2020	34530YAD5	50,562.58	0.00	59.41	59.41			
04/15/18	04/15/18	ALLY ABS 2017-2 A3 DTD 03/29/2017 1.780% 08/15/2021	02007HAC5	360,000.00	0.00	534.00	534.00			
04/15/18	04/15/18	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			
04/15/18	04/15/18	JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020	47788NAC2	53,925.16	0.00	56.17	56.17			
04/15/18	04/15/18	PEPSICO INC CORP (CALLABLE) NOTE DTD 10/10/2017 2.000% 04/15/2021	713448DX3	165,000.00	0.00	1,695.83	1,695.83			



## Managed Account Security Transactions & Interest

For the Month Ending **April 30, 2018**

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

Transaction Type		Security Description	CUSIP	Par	Principal	Accrued	Total	Realized G/L	Realized G/L	Sale	
Trade	Settle				Proceeds	Interest		Cost	Amort Cost		Method
INTEREST											
04/15/18	04/15/18	TOYOTA ABS 2016-A A3 DTD 03/02/2016 1.250% 03/15/2020	89237KAD5	117,017.74	0.00	121.89	121.89				
04/15/18	04/15/18	TOYOTA ABS 2017-A A3 DTD 03/15/2017 1.730% 02/15/2021	89238MAD0	125,000.00	0.00	180.21	180.21				
04/15/18	04/15/18	CARMAX ABS 2016-4 A2 DTD 10/26/2016 1.210% 11/15/2019	14312OAB2	59,410.62	0.00	59.91	59.91				
04/15/18	04/15/18	FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	330,000.00	0.00	459.25	459.25				
04/15/18	04/15/18	HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	130,000.00	0.00	139.75	139.75				
04/15/18	04/15/18	HYUNDAI ABS 2016-A A3 DTD 03/30/2016 1.560% 09/15/2020	44930UAD8	50,000.00	0.00	65.00	65.00				
04/15/18	04/15/18	NISSAN ABS 2015-B A3 DTD 07/22/2015 1.340% 03/15/2020	65475WAD0	115,551.75	0.00	129.03	129.03				
04/15/18	04/15/18	ALLY ABS 2016-3 A3 DTD 05/31/2016 1.440% 08/15/2020	02007LAC6	66,516.88	0.00	79.82	79.82				
04/15/18	04/15/18	ALLY ABS 2017-1 A3 DTD 01/31/2017 1.700% 06/15/2021	02007PAC7	100,000.00	0.00	141.67	141.67				
04/15/18	04/15/18	FORD ABS 2016-A A3 DTD 01/26/2016 1.390% 07/15/2020	34531PAD3	75,048.60	0.00	86.93	86.93				
04/15/18	04/15/18	TAOT 2018-A A3 DTD 01/31/2018 2.350% 05/16/2022	89238BAD4	100,000.00	0.00	195.83	195.83				
04/17/18	04/17/18	TOYOTA MOTOR CREDIT CORP DTD 04/17/2017 1.950% 04/17/2020	89236TDU6	350,000.00	0.00	3,412.50	3,412.50				
04/18/18	04/18/18	HONDA ABS 2016-4 A3 DTD 10/25/2016 1.210% 12/18/2020	43814RAC0	225,000.00	0.00	226.87	226.87				
04/18/18	04/18/18	HAROT 2017-3 A3 DTD 09/29/2017 1.790% 09/18/2021	43814PAC4	65,000.00	0.00	96.96	96.96				
04/18/18	04/18/18	HONDA ABS 2016-1 A3 DTD 02/25/2016 1.220% 12/18/2019	43814NAC9	34,793.43	0.00	35.37	35.37				
04/19/18	04/19/18	BANK OF AMERICA CORP NOTE DTD 04/19/2016 2.625% 04/19/2021	06051GFW4	75,000.00	0.00	984.38	984.38				
04/21/18	04/21/18	MORGAN STANLEY CORP NOTES DTD 04/21/2016 2.500% 04/21/2021	61746BEA0	250,000.00	0.00	3,125.00	3,125.00				



## Managed Account Security Transactions & Interest

For the Month Ending **April 30, 2018**

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

Transaction Type		Security Description	CUSIP	Par	Principal	Accrued	Total	Realized G/L	Realized G/L	Sale
Trade	Settle				Proceeds	Interest		Cost	Amort Cost	
INTEREST										
04/22/18	04/22/18	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		
04/25/18	04/25/18	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		
04/25/18	04/25/18	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		
04/30/18	04/30/18	US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	350,000.00	0.00	3,281.25		3,281.25		
04/30/18	04/30/18	US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	425,000.00	0.00	3,984.38		3,984.38		
04/30/18	04/30/18	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				5,804,683.96	0.00	37,944.92		37,944.92		
PAYDOWNS										
04/01/18	04/25/18	FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AQDQ0	1,296.30	1,296.30	0.00		1,296.30	(12.98)	0.00
04/01/18	04/25/18	FNMA SERIES 2015-M15 ASQ2 DTD 11/01/2015 1.898% 01/01/2019	3136AOSW1	7,038.73	7,038.73	0.00		7,038.73	(70.38)	0.00
04/15/18	04/15/18	BANK OF AMERICA ABS 2015-A2 A DTD 04/29/2015 1.360% 09/15/2020	05522RCU0	175,000.00	175,000.00	0.00		175,000.00	(252.93)	0.00
04/15/18	04/15/18	ALLY ABS 2016-3 A3 DTD 05/31/2016 1.440% 08/15/2020	02007LAC6	6,155.96	6,155.96	0.00		6,155.96	0.60	0.00
04/15/18	04/15/18	HYUNDAI ABS 2016-A A3 DTD 03/30/2016 1.560% 09/15/2020	44930UAD8	1,602.23	1,602.23	0.00		1,602.23	0.31	0.00
04/15/18	04/15/18	TOYOTA ABS 2016-A A3 DTD 03/02/2016 1.250% 03/15/2020	89237KAD5	11,225.13	11,225.13	0.00		11,225.13	0.64	0.00
04/15/18	04/15/18	FORD ABS 2015-C A3 DTD 09/22/2015 1.410% 02/15/2020	34530YAD5	7,369.99	7,369.99	0.00		7,369.99	1.43	0.00
04/15/18	04/15/18	FORD ABS 2016-A A3 DTD 01/26/2016 1.390% 07/15/2020	34531PAD3	6,696.55	6,696.55	0.00		6,696.55	0.14	0.00



## Managed Account Security Transactions & Interest

For the Month Ending **April 30, 2018**

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

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L	Realized G/L	Sale Method
Trade	Settle							Cost	Amort Cost	
PAYDOWNS										
04/15/18	04/15/18	JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020	47788NAC2	4,230.56	4,230.56	0.00	4,230.56	0.34	0.00	
04/15/18	04/15/18	CARMAX ABS 2016-4 A2 DTD 10/26/2016 1.210% 11/15/2019	14312OAB2	13,690.98	13,690.98	0.00	13,690.98	0.74	0.00	
04/15/18	04/15/18	NISSAN ABS 2015-B A3 DTD 07/22/2015 1.340% 03/15/2020	65475WAD0	13,289.22	13,289.22	0.00	13,289.22	1.06	0.00	
04/18/18	04/18/18	HONDA ABS 2016-1 A3 DTD 02/25/2016 1.220% 12/18/2019	43814NAC9	3,719.87	3,719.87	0.00	3,719.87	0.53	0.00	
Transaction Type Sub-Total				251,315.52	251,315.52	0.00	251,315.52	(330.50)	0.00	
Managed Account Sub-Total					(347,109.03)	36,742.05	(310,366.98)	(330.50)	0.00	
Total Security Transactions					(347,109.03)	\$36,742.05	(\$310,366.98)	(\$330.50)	\$0.00	



# EMPLOYMENT RISK MGMT AUTHORITY

## **Investment Performance Review For the Quarter Ended June 30, 2018**

Client Management Team

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## *Market Update*

## QUARTERLY MARKET SUMMARY

### SUMMARY

- Economic data continued to indicate strong growth worldwide, despite the myriad of geopolitical and global trade war events hitting the headlines. During the quarter, volatility waned, equity markets gained their footing, the U.S. Dollar (USD) continued its ascent, and the Federal Open Market Committee's (FOMC) dual mandate came into clearer focus. But, with trade wars officially on, it's now a question of whether the strong fiscal stimulus that is fueling the U.S. economy will be enough to overcome the drag of trade uncertainty.
- Positive economic data released in the second quarter included job gains, housing starts, new home sales, factory orders, manufacturing survey indices, and consumer sentiment.
- At its June FOMC meeting, the Federal Reserve (Fed) increased the overnight federal funds rate by 0.25 percent to a new range of 1.75 to 2.00 percent. While widely anticipated, the June rate hike was consistent with the Fed's continuing resolve to gradually tighten monetary policy. Fed expectations—as measured by the FOMC's updated "dot plot"—indicated two more rate hikes in the second half of 2018 and three more in 2019. Market estimates—as measured by Fed funds futures contracts—similarly imply two more hikes in 2018, but are less optimistic for 2019.
- The S&P 500 Index (S&P) rebounded by 3.4 percent over the quarter, following the first quarterly decline (first quarter 2018) in nearly three years. International indices followed suit, posting gains in local currencies for the quarter; however, the stronger USD tempered those gains for domestic investors. Meanwhile, bond yields generally rose, while the yield curve flattened.

### ECONOMIC SNAPSHOT

- Real gross domestic product (GDP) in the U.S. increased at an annual rate of 2 percent in the first quarter. The deceleration in growth was driven by weaker consumer spending despite being boosted by a significant improvement in net exports. Looking forward, federal tax cuts and expanded spending point toward accelerated growth estimates for the second quarter.
- U.S. labor market conditions—part one of the Fed's dual mandate—remained strong during the quarter. Despite the quarter-end uptick in the headline unemployment rate to 4 percent (previously 3.8 percent), it remains near multi-decade lows. In addition, job growth remains robust (monthly average of 211,000 new jobs in the second quarter), weekly jobless claims reached a generational low and job openings reached a new record high. In fact, for the first time, there are more job openings than the number of unemployed persons.
- Inflation—the second part of the Fed's dual mandate—continued to march higher. As measured by the personal consumption expenditures (PCE) core price index, year-over-year (YoY) inflation reached the Fed's target of 2 percent for the first time since 2012.

### INTEREST RATES

- U.S. Treasury yields generally rose over the quarter, with maturities less than three years increasing 20 to 25 basis points (bps) (0.20 to 0.25 percent), while maturities greater than five years increased by a lesser amount, and 30-year Treasury bonds were nearly unchanged. The result was a flatter yield curve; the difference between 10-year and two-year Treasury yields narrowed to 33 bps (0.33 percent) by quarter-end, a level not hit since June 2007.
- Money market investments, like commercial paper and bank Certificates of Deposit (CDs), continued to offer attractive yields, reacting quickly to the periodic Fed rate hikes.
- After widening in the first quarter, credit spreads remained volatile in the second quarter but ended the quarter only modestly wider. Healthy corporate fundamentals remained supportive.

### SECTOR PERFORMANCE

- Rising yields caused shorter-maturity to outperform longer-maturity Treasury indices; the exception was 30-year Treasury bonds, which were buoyed by incremental income amid relatively unchanged yields over the quarter. For example, the three-month Treasury bill index generated +0.45 percent of total return for the quarter, while the five-year Treasury returned -0.05 percent, and the 30-year Treasury returned +0.51 percent.
- Federal agency returns were in line with similar-duration U.S. Treasury securities for the quarter as spreads across the majority of the curve continued to trade very narrowly. The incremental income benefit from the sector continues to be minimal.
- For the second consecutive quarter, the municipal sector was a top performer as the sector continued to reap the benefits of a sharp slowdown in supply following the year-end flurry of issuance. From both an absolute and excess return perspective, the sector was a positive contributor to portfolio performance for the quarter.
- Shorter-term corporates generated positive excess returns in the quarter as incremental income offset modestly wider yield spreads. But, longer-term corporates (five years and longer) underperformed Treasuries as the impact of wider yield spreads on longer-duration securities overwhelmed the benefit of higher yields.
- After a general underperformance of mortgage-backed securities (MBS) in the first quarter, the sector found its footing in the second quarter. Nevertheless, returns in the MBS sector continue to be very much structure-dependent as specific maturity and coupon characteristics drove relative performance.
- Short-term commercial paper and bank CDs continued to offer incremental value relative to both short- and intermediate-term government securities. The incremental yield advantage offered in these sectors continues to be a valuable return attribute in the face of rising rates.

## QUARTERLY MARKET SUMMARY

## Economic Snapshot

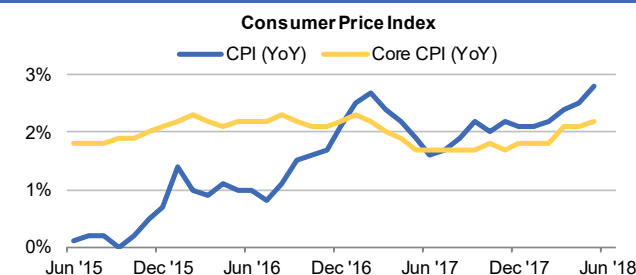
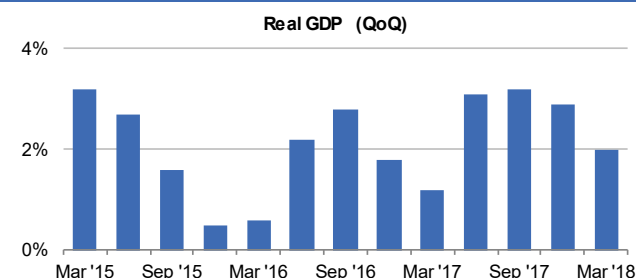
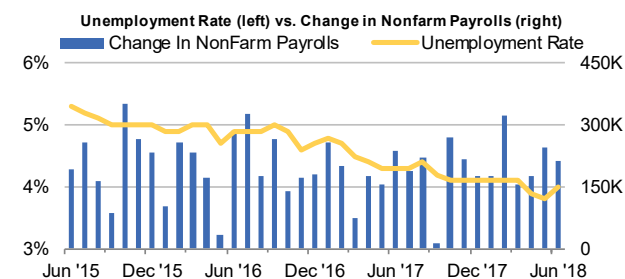
Labor Market		Latest	Mar '18	Jun '17
Unemployment Rate	Jun '18	4.0%	4.1%	4.3%
Change In NonFarm Payrolls	Jun '18	213,000	155,000	239,000
Average Hourly Earnings (YoY)	Jun '18	2.7%	2.6%	2.5%
Personal Income (YoY)	May '18	4.0%	3.7%	2.4%
Initial Jobless Claims (week)	6/30/18	231,000	242,000	251,000

Growth		Latest	Mar '18	Jun '17
Real GDP (QoQ SAAR)	2018Q1	2.0%	2.9% <sup>1</sup>	1.2% <sup>2</sup>
GDP Personal Consumption (QoQ SAAR)	2018Q1	0.9%	4.0% <sup>1</sup>	1.9% <sup>2</sup>
Retail Sales (YoY)	May '18	5.9%	5.1%	3.5%
ISM Manufacturing Survey (month)	Jun '18	60.2	59.3	56.7
Existing Home Sales SAAR (month)	May '18	5.43 mil.	5.60 mil.	5.50 mil.

Inflation / Prices		Latest	Mar '18	Jun '17
Personal Consumption Expenditures (YoY)	May '18	2.3%	2.0%	1.4%
Consumer Price Index (YoY)	May '18	2.8%	2.4%	1.6%
Consumer Price Index Core (YoY)	May '18	2.2%	2.1%	1.7%
Crude Oil Futures (WTI, per barrel)	Jun 30	\$74.15	\$64.94	\$46.04
Gold Futures (oz.)	Jun 30	\$1,255	\$1,323	\$1,242



1. Data as of Fourth Quarter 2017.

2. Data as of First Quarter 2017.

Note: YoY = year-over-year, QoQ = quarter over quarter, SAAR = seasonally adjusted annual rate, WTI = West Texas Intermediate crude oil.

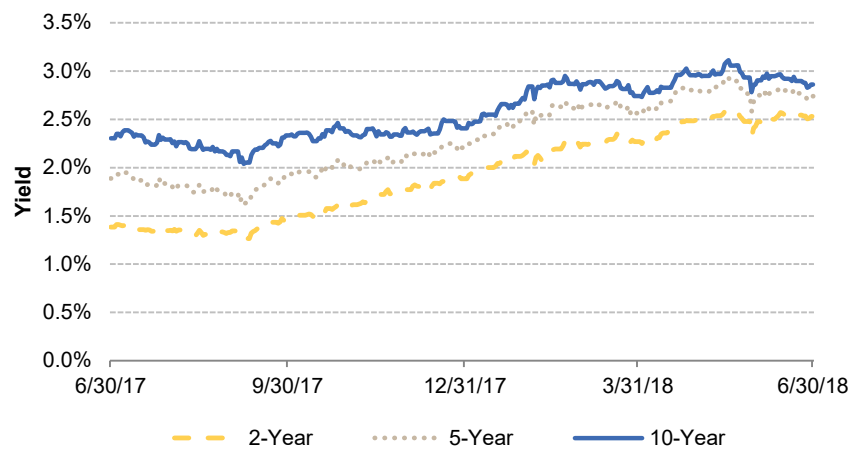
Source: Bloomberg.



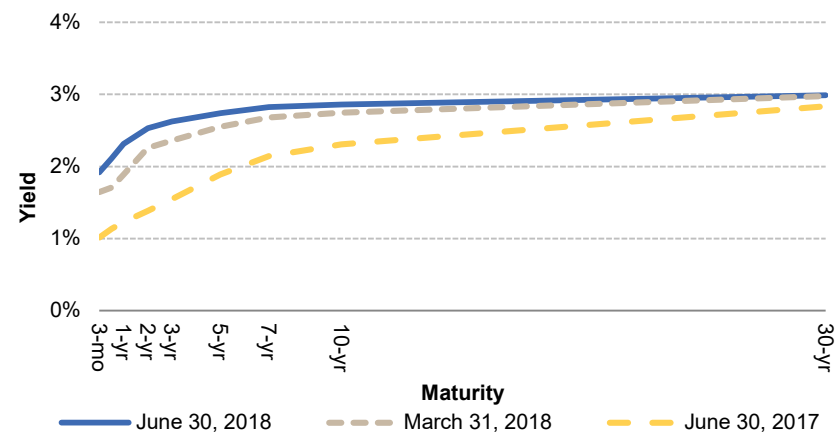
## QUARTERLY MARKET SUMMARY

## Interest Rate Overview

U.S. Treasury Note Yields



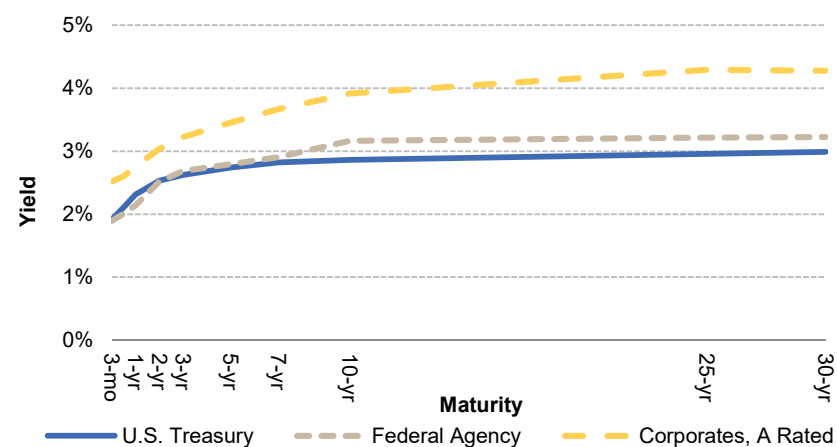
U.S. Treasury Yield Curve



U.S. Treasury Yields

Maturity	Jun '18	Mar '18	Change Over Quarter	Jun '17	Change Over Year
3-month	1.92%	1.71%	0.21%	1.01%	0.91%
1-year	2.31%	2.09%	0.22%	1.23%	1.08%
2-year	2.53%	2.27%	0.26%	1.38%	1.15%
5-year	2.74%	2.56%	0.18%	1.89%	0.85%
10-year	2.86%	2.74%	0.12%	2.31%	0.55%
30-year	2.99%	2.97%	0.02%	2.84%	0.15%

Yield Curves as of 6/30/18



Source: Bloomberg.

## QUARTERLY MARKET SUMMARY

Fixed Income Management

## ICE BofAML Index Returns

June 30, 2018	As of 6/30/18		Returns for Periods ended 6/30/18		
	Duration	Yield	3 Month	1 Year	3 Years
<b>1-3 Year Indices</b>					
U.S. Treasury	1.81	2.51%	0.22%	0.08%	0.42%
Federal Agency	1.67	2.55%	0.23%	0.30%	0.60%
U.S. Corporates, A-AAA rated	1.89	3.11%	0.47%	0.57%	1.28%
Agency MBS (0 to 3 years)	2.40	2.84%	(0.05%)	0.34%	1.06%
Taxable Municipals	1.58	2.83%	0.40%	1.74%	2.21%
<b>1-5 Year Indices</b>					
U.S. Treasury	2.58	2.58%	0.13%	(0.35%)	0.50%
Federal Agency	2.01	2.59%	0.20%	0.08%	0.69%
U.S. Corporates, A-AAA rated	2.66	3.26%	0.30%	0.08%	1.45%
Agency MBS (0 to 5 years)	3.29	3.04%	(0.21%)	(0.35%)	1.00%
Taxable Municipals	2.29	2.96%	0.33%	1.39%	2.37%
<b>Master Indices (Maturities 1 Year or Greater)</b>					
U.S. Treasury	6.22	2.71%	0.11%	(0.60%)	1.13%
Federal Agency	3.78	2.75%	(0.02%)	(0.04%)	1.16%
U.S. Corporates, A-AAA rated	6.90	3.74%	(0.70%)	(0.80%)	2.62%
Agency MBS (0 to 30 years)	5.09	3.38%	0.31%	0.15%	1.48%
Taxable Municipals	10.53	3.99%	(0.28%)	2.81%	5.49%

Returns for periods greater than one year are annualized.

Source: ICE BofAML Indices.

## QUARTERLY MARKET SUMMARY

## DISCLOSURES

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## *Portfolio Review*

## Portfolio Recap

- ◆ Despite numerous global headwinds facing economic growth, including global trade wars and geopolitical uncertainty, the strength and resolve of domestic economic themes prevailed:
  - U.S. GDP grew at 2% in the first quarter with year-over-year (YoY) growth up to 2.8%.
  - Inflation trended higher as the core personal consumption expenditures (PCE) price index grew at 2% YoY for the first time since 2012.
  - The labor market saw continued strength as the U.S. unemployment rate reached a multi-decade low of 3.8% (before bouncing back to 4% in June), job growth remained robust, and wages trended modestly higher.
  - The S&P 500 Index grinded out a 3.4% return for the quarter.
  - The Fed increased short-term rates by an additional  $\frac{1}{4}$  percent in June and is expected to continue to pursue additional rate hikes over the near term.
- ◆ U.S. Treasury yields increased during the quarter, but the impact varied widely by maturity:
  - Yield on maturities 3 years and under rose approximately 20-25 basis points (0.20%-0.25%), the result of the widely anticipated Fed rate hike in June.
  - Yields on longer-term maturities rose by much less—the 10-year Treasury increased 12 basis points (0.12%), while the 30-year Treasury bond rose just 2 basis points (0.02%), the result of modest inflation expectations, moderating growth prospects, and persistently low global interest rates.
  - As a consequence, the yield curve flattened to a new post-recession low.
- ◆ In what we viewed as a well-choreographed interest rate environment, we continued to strategically position the portfolio with a modestly defensive duration bias relative to the benchmark. However, with rates near multi-year highs, there were also opportunities to selectively capture higher yields in some parts of the yield curve when rebalancing the portfolio or participating in new issues.

## Portfolio Recap (Continued)

- Most investment-grade sectors contributed positive excess returns (returns in excess of similar-duration Treasuries) to fixed income portfolios for the quarter:
  - Federal agency yield spreads remained very narrow throughout the quarter. Limited incremental yield, in combination with light issuance and diminishing supply, influenced our continued preference to reduce the portfolio's allocation to agencies. Generally, the agency sector generated returns similar to Treasuries in the second quarter, except for longer-maturity issues where wider yield spreads resulted in underperformance.
  - In the supranational sector, the first quarter was a period of seasonally high issuance volume and wider-than-average spreads, offering an attractive opportunity to add to allocations. As we had anticipated, the portfolio's holding of supranationals benefited from modest spread tightening as new supply fell significantly in the second quarter.
  - In the corporate sector, our fundamental outlook remained favorable as corporate profits surged in the first half of the year, in part due to the 2017 tax cuts. When yield spreads widened in the first quarter, a result of global issues rather than any fundamental credit concerns, we viewed the wider spreads as an opportunity to increase allocations to credit sectors. However, we are being more selective given balance sheet weakening in certain industries as companies return capital to shareholders through dividends and share buybacks. In short- and intermediate-term maturities, corporate allocations contributed to incremental performance for the quarter.
  - Similarly, asset-backed securities (ABS) generated attractive excess returns for the quarter, while simultaneously providing a level of downside protection given the sector's strong structural protections and AAA ratings. During the second quarter, we continued to purchase ABS for the portfolio as we viewed the sector as providing a high-quality tactical diversifier to credit allocations.
  - Short-term, high-quality commercial paper and negotiable certificates of deposit continued to offer considerable value relative to not only similar-maturity government securities but also somewhat longer Treasury maturities. The combination of incremental income and the interest rate risk protection offered by these sectors' shorter durations continue to benefit the portfolio.
  - The mortgage-backed security (MBS) sector rebounded in the second quarter, following significant underperformance in the first quarter. Although we are cognizant of looming headwinds facing the MBS sector, we carefully sought opportunities to add attractive issues to the portfolio at increased yield spreads. Preferred structures included those with limited interest rate and extension risk.

## Investment Outlook and Strategy

- ◆ In light of continued economic growth, inflation near the Fed's 2% target, and strong labor market conditions, the Fed appears poised to raise rates further. As a result of the expectation for one or two additional hikes in 2018 and three to four more in 2019, our view remains that the general trend of interest rates will be to increase gradually over the near term. Therefore, we plan to maintain a defensive duration posture to mitigate a portion of interest rate risk relative to the benchmark.
- ◆ Our outlook for each of the major investment-grade fixed income sectors is as follows:
  - Federal agency securities remain expensive as most maturities offer less than five basis points (0.05%) of incremental yield relative to U.S. Treasuries. We will continue to reduce exposure to agencies in maturities where spreads are tight, seeking better value in Treasuries or other sectors. Over the past quarter, however, the 2-3 year portions of the agency curve experienced modest widening that may create some opportunities in the third quarter.
  - Given an expected light supply of supranationals over the coming months, additional purchases may be limited. However, current allocations are expected to be maintained as the portfolio benefits from decent incremental income relative to traditional agencies. A shift to euro-denominated issues (preferred recently by a number of supranational issuers) may push secondary U.S. dollar-denominated spreads modestly wider, which could provide additional opportunity in the sector.
  - While fundamentals remain generally healthy and incremental income is still modestly attractive, potential headwinds in the corporate sector are beginning to temper our overall constructive guidance. As a result, our view on the sector has shifted to a more market-neutral and selectively opportunistic stance. In addition, we have a preference for financials and selective industrial issuers with stronger balance sheets, which we think can better navigate the current phase of the credit cycle.
  - In conjunction with our somewhat more defensive posture, negotiable certificates of deposit (CD) and asset-backed securities (ABS) offer attractive incremental income compared to government security alternatives.
  - As the Fed balance sheet is set to reduce its mortgage-backed securities (MBS) exposure more significantly over the next six months, the sector may experience spread pressures through the second half of the year. As a result, we will maintain allocations to the sector, with new purchases focused on specific structures that limit interest rate sensitivity and provide more stable cash flows.
  - Short-term money market investors continue to reap the rewards of current monetary policy tightening and higher overnight target rates. Further, the yield curve for high-quality commercial paper and negotiable certificates of deposit (CP/CD) is quite steep and attractive, offering opportunities to extend maturities and add to allocations in this space.

## Sector Allocation and Compliance

- The portfolio is in compliance with the Authority's Investment Policy and the California Government Code.

Security Type	Market Value	% of Portfolio	% Change vs. 3/31/18	Permitted by Policy	In Compliance
U.S. Treasury	\$6,357,435	26.6%	+3%	100%	✓
Federal Agency	\$1,026,612	4.3%	-4%	100%	✓
Federal Agency CMOs	\$394,768	1.7%	+1%	20%	✓
Municipal Obligations	\$269,418	1.1%	-	100%	✓
Supranationals	\$1,990,707	8.3%	+1%	30%	✓
Negotiable CDs	\$5,597,155	23.4%	+3%	30%	✓
Corporate Notes	\$5,436,054	22.8%	-1%	30%	✓
Commercial Paper	\$499,411	2.1%	-	25%	✓
Asset-Backed Securities	\$2,222,095	9.3%	-1%	20%	✓
<b>Securities Sub-Total</b>	<b>\$23,793,655</b>	<b>99.7%</b>			
Accrued Interest	\$109,772				
<b>Securities Total</b>	<b>\$23,903,427</b>				
CAMP	\$75,853	0.3%	-2%	100%	✓
<b>Total Investments</b>	<b>\$23,979,279</b>	<b>100.0%</b>			

As of 6/30/2018. Detail may not add to total due to rounding.

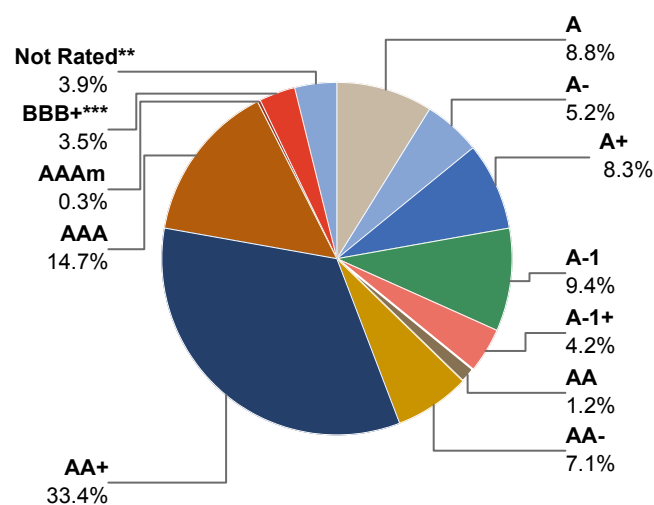


## Portfolio Statistics

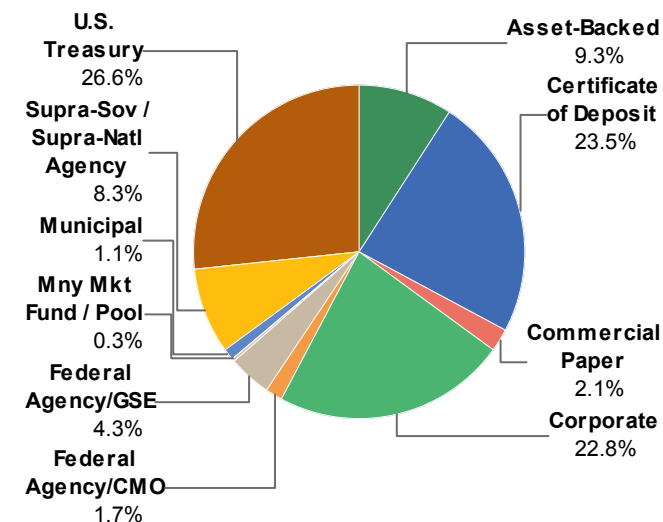
As of June 30, 2018

Par Value:	\$24,234,434
Total Market Value:	\$23,979,279
Security Market Value:	\$23,793,655
Accrued Interest:	\$109,772
Cash:	-
CAMP	\$75,853
Amortized Cost:	\$24,242,183
Yield at Market:	2.61%
Yield at Cost:	1.94%
Effective Duration:	1.99 Years
Duration to Worst:	2.07 Years
Average Maturity:	2.26 Years
Average Credit: *	AA

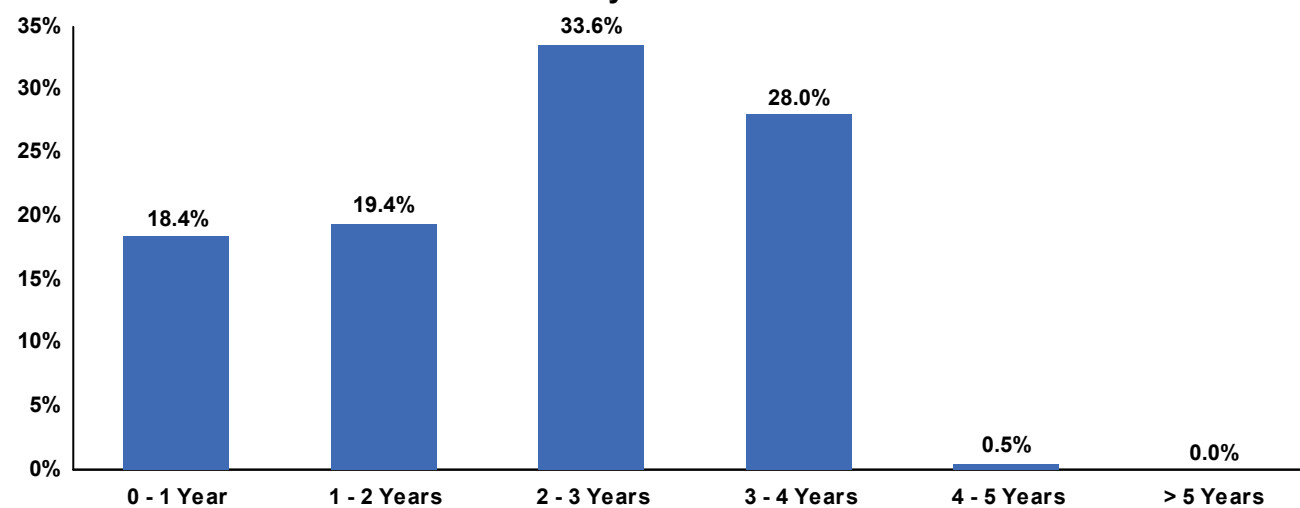
## Credit Quality (S&amp;P Ratings)



## Sector Allocation



## Maturity Distribution



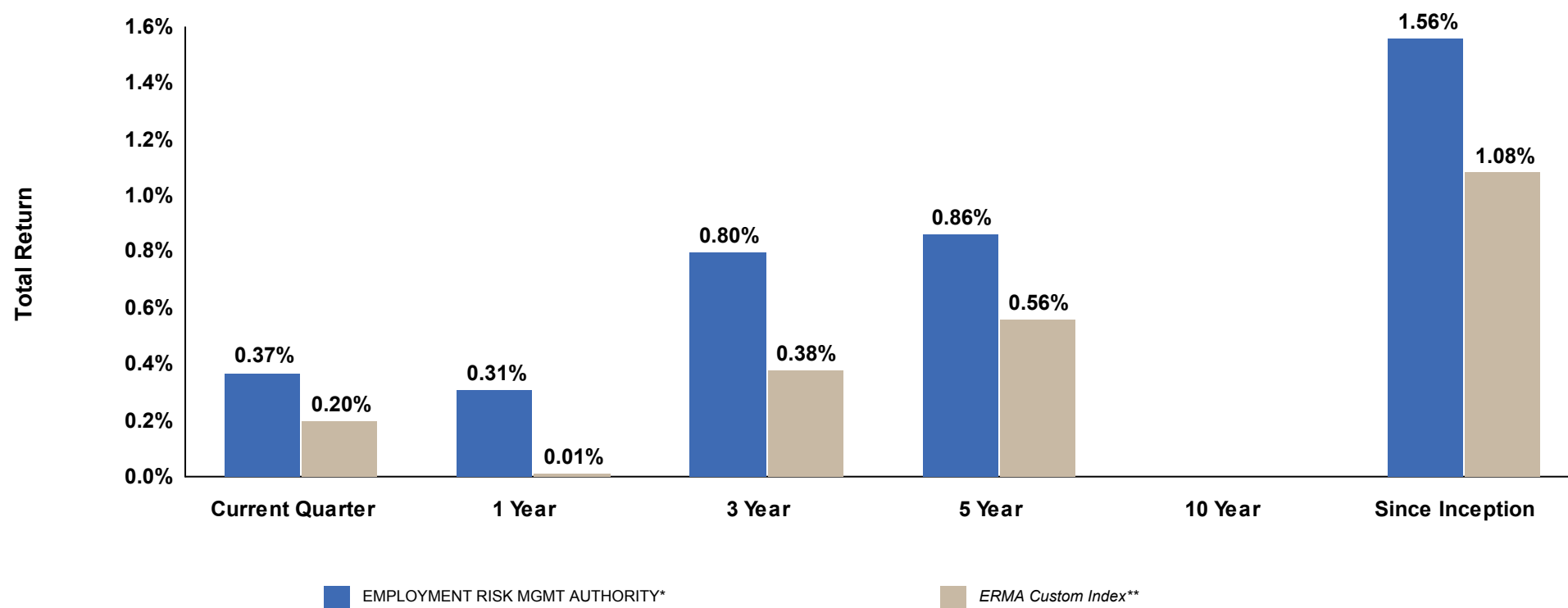
\*An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.

\*\*The "Not Rated" category comprises asset-backed securities rated Aaa by Moody's.

\*\*\* The "BBB+" category comprises securities rated in the category of A or better by Moody's and/or Fitch.

## Portfolio Performance (Total Return)

Portfolio/Benchmark	Effective Duration	Current Quarter	Annualized Return				
			1 Year	3 Year	5 Year	10 Year	Since Inception (09/30/08)
EMPLOYMENT RISK MGMT AUTHORITY*	1.99	0.37%	0.31%	0.80%	0.86%	-	1.56%
ERMA Custom Index**	2.10	0.20%	0.01%	0.38%	0.56%	-	1.08%
Difference		0.17%	0.30%	0.42%	0.30%	-	0.48%



\*Portfolio performance is gross of fees unless otherwise indicated.

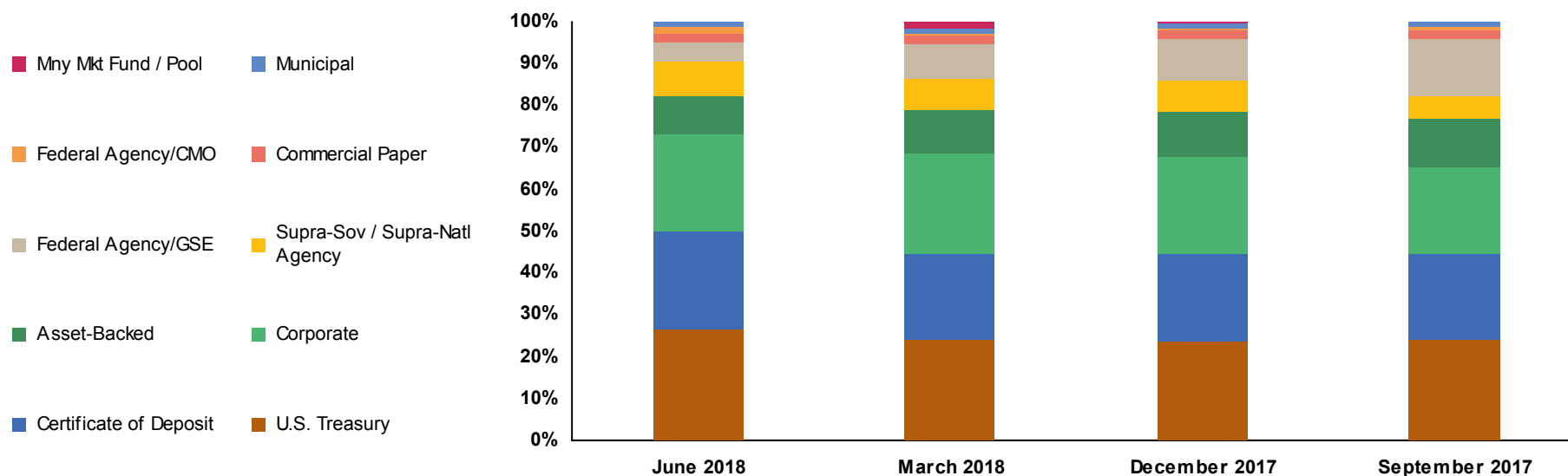
\*\*ERMA's Custom Index is the ICE Bank of America Merrill Lynch (BofAML) 1-3 Year Treasury Index from inception through March 31, 2016 and the ICE BofAML 0-5 Year U.S. Treasury Index thereafter.

**Portfolio Earnings***Quarter-Ended June 30, 2018*

	<b>Market Value Basis</b>	<b>Accrual (Amortized Cost) Basis</b>
<b>Beginning Value (03/31/2018)</b>	\$24,782,381.91	\$25,152,696.07
<b>Net Purchases/Sales</b>	(\$886,745.35)	(\$886,745.35)
<b>Change in Value</b>	(\$26,128.73)	(\$23,768.13)
<b>Ending Value (06/30/2018)</b>	\$23,869,507.83	\$24,242,182.59
<b>Interest Earned</b>	\$117,019.51	\$117,019.51
<b>Portfolio Earnings</b>	\$90,890.78	\$93,251.38

## Sector Allocation

Sector	June 30, 2018		March 31, 2018		December 31, 2017		September 30, 2017	
	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total
U.S. Treasury	6.4	26.6%	5.9	23.8%	5.9	23.6%	5.9	23.8%
Certificate of Deposit	5.6	23.5%	5.2	20.8%	5.2	20.8%	5.2	20.8%
Corporate	5.4	22.8%	5.9	23.9%	5.8	23.3%	5.1	20.4%
Asset-Backed	2.2	9.3%	2.6	10.5%	2.7	10.8%	2.9	11.5%
Supra-Sov / Supra-Natl Agency	2.0	8.3%	1.8	7.4%	1.9	7.5%	1.4	5.5%
Federal Agency/GSE	1.0	4.3%	2.0	8.2%	2.4	9.8%	3.4	13.6%
Commercial Paper	0.5	2.1%	0.5	2.0%	0.5	2.0%	0.5	2.0%
Federal Agency/CMO	0.4	1.7%	0.1	0.5%	0.2	0.6%	0.2	1.0%
Municipal	0.3	1.1%	0.3	1.1%	0.3	1.1%	0.3	1.3%
Mny Mkt Fund / Pool	0.1	0.3%	0.5	1.8%	0.1	0.5%	0.0	0.1%
<b>Total</b>	<b>\$23.9</b>	<b>100.0%</b>	<b>\$24.8</b>	<b>100.0%</b>	<b>\$24.9</b>	<b>100.0%</b>	<b>\$24.9</b>	<b>100.0%</b>

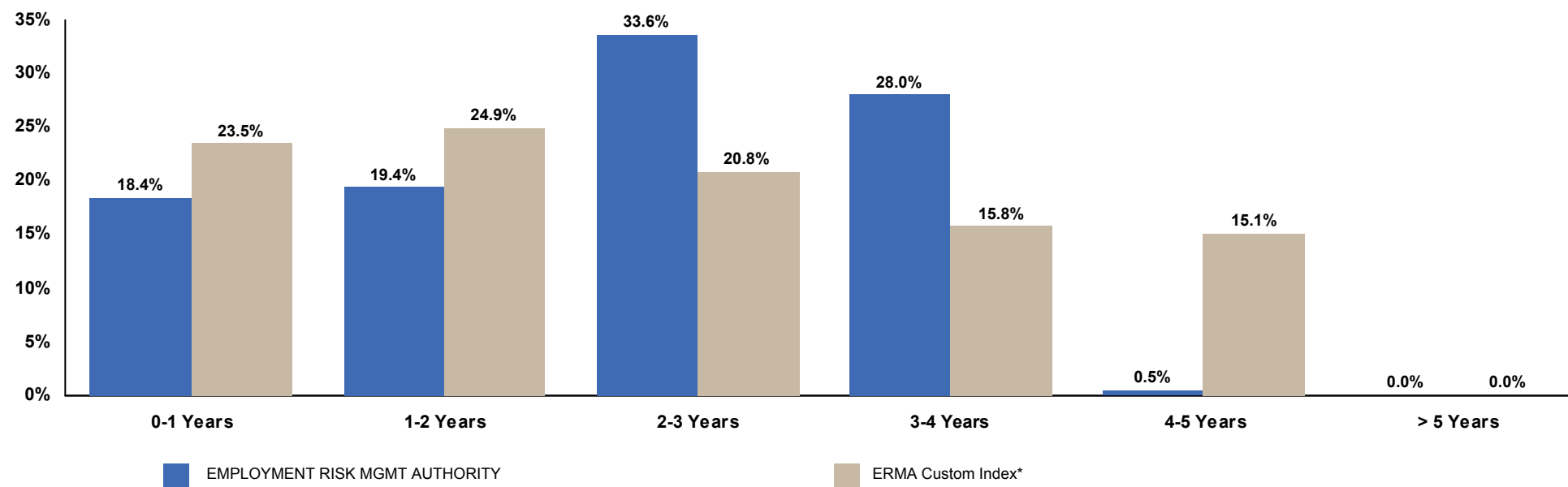


Detail may not add to total due to rounding.

## Maturity Distribution

As of June 30, 2018

Portfolio/Benchmark	Yield at Market	Average Maturity	0-1 Years	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
EMPLOYMENT RISK MGMT AUTHORITY	2.61%	2.26 yrs	18.4%	19.4%	33.6%	28.0%	0.5%	0.0%
ERMA Custom Index*	2.49%	2.27 yrs	23.5%	24.9%	20.8%	15.8%	15.1%	0.0%



\*ERMA's Custom Index is the ICE Bank of America Merrill Lynch (BofAML) 1-3 Year Treasury Index from inception through March 31, 2016 and the BofAML 0-5 Year U.S. Treasury Index thereafter.

## Issuer Distribution

As of June 30, 2018

Issuer	Market Value (\$)	% of Portfolio	Top 5 = 41.7%	Top 10 = 53.5%
UNITED STATES TREASURY	6,357,435	26.6%		
INTER-AMERICAN DEVELOPMENT BANK	1,381,238	5.8%		
MITSUBISHI UFJ FINANCIAL GROUP INC	746,911	3.1%		
FEDERAL HOME LOAN BANKS	731,600	3.1%		
CITIGROUP INC	724,791	3.0%		
TOYOTA MOTOR CORP	651,405	2.7%		
INTL BANK OF RECONSTRUCTION AND DEV	609,469	2.6%		
FANNIE MAE	559,729	2.3%		
ALLY AUTO RECEIVABLES TRUST	505,106	2.1%		
BANK OF NOVA SCOTIA	499,935	2.1%		
NORDEA BANK AB	499,328	2.1%		
BANK OF MONTREAL	499,069	2.1%		
CANADIAN IMPERIAL BANK OF COMMERCE	498,693	2.1%		
SUMITOMO MITSUI FINANCIAL GROUP INC	497,874	2.1%		
SVENSKA HANDELSBANKEN AB	497,829	2.1%		
SKANDINAVISKA ENSKILDA BANKEN AB	495,687	2.1%		
SWEDBANK AB	489,559	2.1%		
WESTPAC BANKING CORP	442,878	1.9%		

	Market Value (\$)	% of Portfolio
ROYAL BANK OF CANADA	427,991	1.8%
FORD CREDIT AUTO OWNER TRUST	411,392	1.7%
AMERICAN EXPRESS CO	323,398	1.4%
HONDA AUTO RECEIVABLES	310,786	1.3%
STATE OF CONNECTICUT	269,418	1.1%
UBS AG	250,822	1.1%
CREDIT SUISSE GROUP	249,991	1.1%
WELLS FARGO & COMPANY	248,590	1.0%
NATIONAL RURAL UTILITIES CO FINANCE CORP	248,140	1.0%
JP MORGAN CHASE & CO	247,777	1.0%
IBM CORP	247,631	1.0%
BANK OF AMERICA CO	245,624	1.0%
WAL-MART STORES INC	244,934	1.0%
MORGAN STANLEY	244,172	1.0%
THE BANK OF NEW YORK MELLON CORPORATION	242,203	1.0%
GOLDMAN SACHS GROUP INC	233,375	1.0%
MICROSOFT CORP	222,125	0.9%
AMERICAN HONDA FINANCE	221,632	0.9%
DEERE & COMPANY	220,156	0.9%
APPLE INC	196,611	0.8%
BB&T CORPORATION	183,997	0.8%

## EMPLOYMENT RISK MGMT AUTHORITY

## Portfolio Composition

Issuer	Market Value (\$)	% of Portfolio
CATERPILLAR INC	180,155	0.8%
HYUNDAI AUTO RECEIVABLES	168,923	0.7%
PEPSICO INC	160,868	0.7%
CHARLES SCHWAB	160,639	0.7%
FREDDIE MAC	130,050	0.5%
BURLINGTON NORTHERN SANTA FE	127,828	0.5%
HOME DEPOT INC	122,752	0.5%
PACCAR FINANCIAL CORP	121,991	0.5%
HERSHEY COMPANY	100,112	0.4%
THE WALT DISNEY CORPORATION	98,343	0.4%
NISSAN AUTO RECEIVABLES	78,529	0.3%
CAMP POOL	75,853	0.3%
STATE STREET CORPORATION	67,815	0.3%
JOHN DEERE OWNER TRUST	40,642	0.2%
BERKSHIRE HATHAWAY INC	34,818	0.2%
CARMAX AUTO OWNER TRUST	20,890	0.1%
<b>Grand Total:</b>	<b>23,869,508</b>	<b>100.0%</b>



## Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
<b>BUY</b>									
4/4/18	4/9/18	130,000	3137BM6P6	FHLMC MULTIFAMILY STRUCTURED P POOL	3.09%	8/25/22	131,196.30	2.61%	
4/11/18	4/30/18	165,000	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	168,755.20	2.27%	
4/12/18	4/19/18	150,000	63743HER9	NATIONAL RURAL UTIL COOP	2.90%	3/15/21	150,005.92	3.05%	
4/12/18	4/19/18	150,000	4581X0DB1	INTER-AMERICAN DEVELOPMENT BANK NOTE	2.62%	4/19/21	149,670.00	2.70%	
5/3/18	5/7/18	600,000	912828X47	US TREASURY NOTES	1.87%	4/30/22	581,042.12	2.73%	
5/3/18	5/10/18	100,000	427866BA5	HERSHEY COMPANY CORP NOTES	3.10%	5/15/21	99,931.00	3.12%	
5/14/18	5/17/18	50,000	06051GHH5	BANK OF AMERICA CORP	3.49%	5/17/22	50,000.00	3.50%	
5/17/18	5/22/18	160,000	808513AW5	CHARLES SCHWAB CORP CORP NOTES	3.25%	5/21/21	159,995.20	3.25%	
6/5/18	6/7/18	250,000	06417GU22	BANK OF NOVA SCOTIA HOUSTON CD	3.08%	6/5/20	249,905.00	3.10%	
6/7/18	6/8/18	425,000	78012UEE1	ROYAL BANK OF CANADA NY CD	3.24%	6/7/21	425,000.00	3.24%	
<b>Total BUY</b>		<b>2,180,000</b>					<b>2,165,500.74</b>		

## INTEREST

4/1/18	4/25/18	33,576	3136AQSW1	FNMA SERIES 2015-M15 ASQ2	1.89%	1/1/19	71.00		
4/1/18	4/25/18	88,282	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	130.75		
4/1/18	4/1/18	175,000	06051GGS2	BANK OF AMERICA CORP (CALLABLE)	2.32%	10/1/21	2,184.12		
4/1/18	4/1/18	125,000	12189TBC7	BURLINGTON NRTH CORP	4.70%	10/1/19	2,937.50		
4/5/18	4/5/18	500,000	06417GUE6	BANK OF NOVA SCOTIA HOUSTON LT CD	1.91%	4/5/19	4,828.06		
4/15/18	4/15/18	130,000	44891EAC3	HYUNDAI ABS 2016-B A3	1.29%	4/15/21	139.75		
4/15/18	4/15/18	53,925	47788NAC2	JOHN DEERE ABS 2016-B A3	1.25%	6/15/20	56.17		
4/15/18	4/15/18	165,000	713448DX3	PEPSICO INC CORP (CALLABLE) NOTE	2.00%	4/15/21	1,695.83		
4/15/18	4/15/18	50,563	34530YAD5	FORD ABS 2015-C A3	1.41%	2/15/20	59.41		
4/15/18	4/15/18	360,000	02007HAC5	ALLY ABS 2017-2 A3	1.78%	8/15/21	534.00		
4/15/18	4/15/18	175,000	05522RCU0	BANK OF AMERICA ABS 2015-A2 A	1.36%	9/15/20	198.33		

## EMPLOYMENT RISK MGMT AUTHORITY

## Portfolio Activity

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
4/15/18	4/15/18	117,018	89237KAD5	TOYOTA ABS 2016-A A3	1.25%	3/15/20	121.89		
4/15/18	4/15/18	125,000	89238MAD0	TOYOTA ABS 2017-A A3	1.73%	2/15/21	180.21		
4/15/18	4/15/18	66,517	02007LAC6	ALLY ABS 2016-3 A3	1.44%	8/15/20	79.82		
4/15/18	4/15/18	100,000	02007PAC7	ALLY ABS 2017-1 A3	1.70%	6/15/21	141.67		
4/15/18	4/15/18	50,000	44930UAD8	HYUNDAI ABS 2016-A A3	1.56%	9/15/20	65.00		
4/15/18	4/15/18	115,552	65475WAD0	NISSAN ABS 2015-B A3	1.34%	3/15/20	129.03		
4/15/18	4/15/18	75,049	34531PAD3	FORD ABS 2016-A A3	1.39%	7/15/20	86.93		
4/15/18	4/15/18	100,000	89238BAD4	TAOT 2018-A A3	2.35%	5/16/22	195.83		
4/15/18	4/15/18	59,411	14312QAB2	CARMAX ABS 2016-4 A2	1.21%	11/15/19	59.91		
4/15/18	4/15/18	330,000	34531EAD8	FORD ABS 2017-A A3	1.67%	6/15/21	459.25		
4/17/18	4/17/18	350,000	89236TDU6	TOYOTA MOTOR CREDIT CORP	1.95%	4/17/20	3,412.50		
4/18/18	4/18/18	34,793	43814NAC9	HONDA ABS 2016-1 A3	1.22%	12/18/19	35.37		
4/18/18	4/18/18	65,000	43814PAC4	HAROT 2017-3 A3	1.79%	9/18/21	96.96		
4/18/18	4/18/18	225,000	43814RAC0	HONDA ABS 2016-4 A3	1.21%	12/18/20	226.87		
4/19/18	4/19/18	75,000	06051GFW4	BANK OF AMERICA CORP NOTE	2.62%	4/19/21	984.38		
4/21/18	4/21/18	250,000	61746BEA0	MORGAN STANLEY CORP NOTES	2.50%	4/21/21	3,125.00		
4/22/18	4/22/18	250,000	94974BFU9	WELLS FARGO & COMPANY CORP NOTE	2.12%	4/22/19	2,656.25		
4/25/18	4/25/18	35,000	38141GVT8	GOLDMAN SACHS GRP INC CORP NT (CALLABLE)	2.00%	4/25/19	350.00		
4/25/18	4/25/18	200,000	38141GVT8	GOLDMAN SACHS GRP INC CORP NT (CALLABLE)	2.00%	4/25/19	2,000.00		
4/30/18	4/30/18	350,000	912828X47	US TREASURY NOTES	1.87%	4/30/22	3,281.25		
4/30/18	4/30/18	425,000	912828X47	US TREASURY NOTES	1.87%	4/30/22	3,984.38		
4/30/18	4/30/18	550,000	912828T67	US TREASURY NOTES	1.25%	10/31/21	3,437.50		
5/1/18	5/25/18	26,537	3136AQSW1	FNMA SERIES 2015-M15 ASQ2	1.89%	1/1/19	45.25		
5/1/18	5/25/18	86,985	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	119.31		
5/1/18	5/25/18	165,000	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	489.50		
5/1/18	5/25/18	130,000	3137BM6P6	FHLMC MULTIFAMILY STRUCTURED P POOL	3.09%	8/25/22	334.75		
5/3/18	5/3/18	500,000	86563YVN0	SUMITOMO MITSUI BANK NY CD	2.05%	5/3/19	5,153.47		
5/3/18	5/3/18	250,000	06406FAB9	BANK OF NEW YORK MELLON (CALLABLE) NOTES	2.05%	5/3/21	2,562.50		
5/5/18	5/5/18	150,000	0258M0EB1	AMERICAN EXPRESS CREDIT (CALLABLE) NOTES	2.25%	5/5/21	1,687.50		
5/9/18	5/9/18	500,000	4581X0CD8	INTER-AMERICAN DEVELOPMENT BANK	2.12%	11/9/20	5,312.50		

## EMPLOYMENT RISK MGMT AUTHORITY

## Portfolio Activity

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
5/10/18	5/10/18	125,000	05531FAV5	BRANCH BANKING & TRUST (CALLABLE) NOTE	2.05%	5/10/21	1,281.25		
5/11/18	5/11/18	200,000	037833CS7	APPLE INC BONDS	1.80%	5/11/20	1,800.00		
5/12/18	5/12/18	400,000	4581X0CX4	INTER-AMERICAN DEVEL BK NOTE	1.62%	5/12/20	3,250.00		
5/13/18	5/13/18	350,000	458182DX7	INTER-AMERICAN DEVELOPMENT BANK	1.00%	5/13/19	1,750.00		
5/13/18	5/13/18	125,000	69371RN85	PACCAR FINANCIAL CORP NOTES	2.05%	11/13/20	1,281.25		
5/15/18	5/15/18	48,398	44930UAD8	HYUNDAI ABS 2016-A A3	1.56%	9/15/20	62.92		
5/15/18	5/15/18	102,263	65475WAD0	NISSAN ABS 2015-B A3	1.34%	3/15/20	114.19		
5/15/18	5/15/18	68,352	34531PAD3	FORD ABS 2016-A A3	1.39%	7/15/20	79.17		
5/15/18	5/15/18	125,000	89238MAD0	TOYOTA ABS 2017-A A3	1.73%	2/15/21	180.21		
5/15/18	5/15/18	130,000	44891EAC3	HYUNDAI ABS 2016-B A3	1.29%	4/15/21	139.75		
5/15/18	5/15/18	49,695	47788NAC2	JOHN DEERE ABS 2016-B A3	1.25%	6/15/20	51.77		
5/15/18	5/15/18	600,000	3130AA3R7	FHLB NOTES	1.37%	11/15/19	4,125.00		
5/15/18	5/15/18	330,000	34531EAD8	FORD ABS 2017-A A3	1.67%	6/15/21	459.25		
5/15/18	5/15/18	60,361	02007LAC6	ALLY ABS 2016-3 A3	1.44%	8/15/20	72.43		
5/15/18	5/15/18	100,000	02007PAC7	ALLY ABS 2017-1 A3	1.70%	6/15/21	141.67		
5/15/18	5/15/18	360,000	02007HAC5	ALLY ABS 2017-2 A3	1.78%	8/15/21	534.00		
5/15/18	5/15/18	45,720	14312QAB2	CARMAX ABS 2016-4 A2	1.21%	11/15/19	46.10		
5/15/18	5/15/18	105,793	89237KAD5	TOYOTA ABS 2016-A A3	1.25%	3/15/20	110.20		
5/15/18	5/15/18	43,193	34530YAD5	FORD ABS 2015-C A3	1.41%	2/15/20	50.75		
5/15/18	5/15/18	100,000	89238BAD4	TAOT 2018-A A3	2.35%	5/16/22	195.83		
5/15/18	5/15/18	35,000	912828PC8	US TREASURY NOTES	2.62%	11/15/20	459.38		
5/16/18	5/16/18	500,000	87019U6D6	SWEDBANK (NEW YORK) CERT DEPOS	2.27%	11/16/20	5,675.00		
5/18/18	5/18/18	65,000	43814PAC4	HAROT 2017-3 A3	1.79%	9/18/21	96.96		
5/18/18	5/18/18	225,000	43814RAC0	HONDA ABS 2016-4 A3	1.21%	12/18/20	226.87		
5/18/18	5/18/18	31,074	43814NAC9	HONDA ABS 2016-1 A3	1.22%	12/18/19	31.59		
5/19/18	5/19/18	70,000	857477AV5	STATE STREET CORP NOTES	1.95%	5/19/21	682.50		
5/22/18	5/22/18	275,000	06406HDB2	BANK OF NEW YORK MELLON CORP (CALLABLE)	1.60%	5/22/18	2,200.00		
5/28/18	5/28/18	100,000	3130ABF92	FEDERAL HOME LOAN BANK AGENCY NOTES	1.37%	5/28/19	687.50		
5/30/18	5/30/18	500,000	65558LWA6	NORDEA BANK FINLAND NY CD	1.76%	11/30/18	4,424.44		
5/30/18	5/30/18	500,000	13606A5Z7	CANADIAN IMPERIAL BANK NY CD	1.76%	11/30/18	4,400.00		

## EMPLOYMENT RISK MGMT AUTHORITY

## Portfolio Activity

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
5/31/18	5/31/18	650,000	912828R77	US TREASURY NOTES	1.37%	5/31/21	4,468.75		
5/31/18	5/31/18	750,000	912828WN6	US TREASURY NOTES	2.00%	5/31/21	7,500.00		
6/1/18	6/25/18	79,452	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	112.87		
6/1/18	6/25/18	23,569	3136AQSW1	FNMA SERIES 2015-M15 ASQ2	1.89%	1/1/19	37.28		
6/1/18	6/25/18	130,000	3137BM6P6	FHLMC MULTIFAMILY STRUCTURED P POOL	3.09%	8/25/22	334.75		
6/1/18	6/25/18	165,000	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	489.50		
6/5/18	6/5/18	125,000	437076BQ4	HOME DEPOT INC CORP NOTES	1.80%	6/5/20	1,125.00		
6/7/18	6/7/18	100,000	172967KS9	CITIGROUP INC CORP NOTES	2.05%	6/7/19	1,025.00		
6/15/18	6/15/18	54,780	02007LAC6	ALLY ABS 2016-3 A3	1.44%	8/15/20	65.74		
6/15/18	6/15/18	125,000	89238MAD0	TOYOTA ABS 2017-A A3	1.73%	2/15/21	180.21		
6/15/18	6/15/18	62,229	34531PAD3	FORD ABS 2016-A A3	1.39%	7/15/20	72.08		
6/15/18	6/15/18	360,000	02007HAC5	ALLY ABS 2017-2 A3	1.78%	8/15/21	534.00		
6/15/18	6/15/18	100,000	02007PAC7	ALLY ABS 2017-1 A3	1.70%	6/15/21	141.67		
6/15/18	6/15/18	90,218	65475WAD0	NISSAN ABS 2015-B A3	1.34%	3/15/20	100.74		
6/15/18	6/15/18	130,000	44891EAC3	HYUNDAI ABS 2016-B A3	1.29%	4/15/21	139.75		
6/15/18	6/15/18	44,690	44930UAD8	HYUNDAI ABS 2016-A A3	1.56%	9/15/20	58.10		
6/15/18	6/15/18	44,106	47788NAC2	JOHN DEERE ABS 2016-B A3	1.25%	6/15/20	45.94		
6/15/18	6/15/18	95,264	89237KAD5	TOYOTA ABS 2016-A A3	1.25%	3/15/20	99.23		
6/15/18	6/15/18	36,461	34530YAD5	FORD ABS 2015-C A3	1.41%	2/15/20	42.84		
6/15/18	6/15/18	33,075	14312QAB2	CARMAX ABS 2016-4 A2	1.21%	11/15/19	33.35		
6/15/18	6/15/18	330,000	34531EAD8	FORD ABS 2017-A A3	1.67%	6/15/21	459.25		
6/15/18	6/15/18	100,000	89238BAD4	TAOT 2018-A A3	2.35%	5/16/22	195.83		
6/15/18	6/15/18	250,000	931142EA7	WAL-MART STORES INC CORP NOTE	1.90%	12/15/20	3,100.69		
6/18/18	6/18/18	27,647	43814NAC9	HONDA ABS 2016-1 A3	1.22%	12/18/19	28.11		
6/18/18	6/18/18	225,000	43814RAC0	HONDA ABS 2016-4 A3	1.21%	12/18/20	226.87		
6/18/18	6/18/18	65,000	43814PAC4	HAROT 2017-3 A3	1.79%	9/18/21	96.96		
6/23/18	6/23/18	250,000	46625HLW8	JP MORGAN CHASE & CO CORP NT (CALLABLE)	2.75%	6/23/20	3,437.50		
Total INTEREST		17,829,542					112,411.69		

## EMPLOYMENT RISK MGMT AUTHORITY

## Portfolio Activity

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
<b>MATURITY</b>									
5/22/18	5/22/18	275,000	06406HDB2	BANK OF NEW YORK MELLON CORP (CALLABLE)	1.60%	5/22/18	275,000.00		0.00
<b>Total MATURITY</b>		<b>275,000</b>					<b>275,000.00</b>		<b>0.00</b>
<b>PAYDOWNS</b>									
4/1/18	4/25/18	1,296	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	1,296.30		0.00
4/1/18	4/25/18	7,039	3136AQSW1	FNMA SERIES 2015-M15 ASQ2	1.89%	1/1/19	7,038.73		0.00
4/15/18	4/15/18	11,225	89237KAD5	TOYOTA ABS 2016-A A3	1.25%	3/15/20	11,225.13		0.00
4/15/18	4/15/18	7,370	34530YAD5	FORD ABS 2015-C A3	1.41%	2/15/20	7,369.99		0.00
4/15/18	4/15/18	6,156	02007LAC6	ALLY ABS 2016-3 A3	1.44%	8/15/20	6,155.96		0.00
4/15/18	4/15/18	175,000	05522RCU0	BANK OF AMERICA ABS 2015-A2 A	1.36%	9/15/20	175,000.00		0.00
4/15/18	4/15/18	13,289	65475WAD0	NISSAN ABS 2015-B A3	1.34%	3/15/20	13,289.22		0.00
4/15/18	4/15/18	1,602	44930UAD8	HYUNDAI ABS 2016-A A3	1.56%	9/15/20	1,602.23		0.00
4/15/18	4/15/18	6,697	34531PAD3	FORD ABS 2016-A A3	1.39%	7/15/20	6,696.55		0.00
4/15/18	4/15/18	13,691	14312QAB2	CARMAX ABS 2016-4 A2	1.21%	11/15/19	13,690.98		0.00
4/15/18	4/15/18	4,231	47788NAC2	JOHN DEERE ABS 2016-B A3	1.25%	6/15/20	4,230.56		0.00
4/18/18	4/18/18	3,720	43814NAC9	HONDA ABS 2016-1 A3	1.22%	12/18/19	3,719.87		0.00
5/1/18	5/25/18	7,534	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	7,533.86		0.00
5/1/18	5/25/18	2,968	3136AQSW1	FNMA SERIES 2015-M15 ASQ2	1.89%	1/1/19	2,967.76		0.00
5/15/18	5/15/18	10,528	89237KAD5	TOYOTA ABS 2016-A A3	1.25%	3/15/20	10,528.24		0.00
5/15/18	5/15/18	6,732	34530YAD5	FORD ABS 2015-C A3	1.41%	2/15/20	6,731.68		0.00
5/15/18	5/15/18	5,581	02007LAC6	ALLY ABS 2016-3 A3	1.44%	8/15/20	5,581.29		0.00
5/15/18	5/15/18	12,045	65475WAD0	NISSAN ABS 2015-B A3	1.34%	3/15/20	12,044.98		0.00
5/15/18	5/15/18	3,708	44930UAD8	HYUNDAI ABS 2016-A A3	1.56%	9/15/20	3,708.18		0.00
5/15/18	5/15/18	6,123	34531PAD3	FORD ABS 2016-A A3	1.39%	7/15/20	6,122.63		0.00
5/15/18	5/15/18	12,644	14312QAB2	CARMAX ABS 2016-4 A2	1.21%	11/15/19	12,644.27		0.00
5/15/18	5/15/18	5,589	47788NAC2	JOHN DEERE ABS 2016-B A3	1.25%	6/15/20	5,589.00		0.00

## EMPLOYMENT RISK MGMT AUTHORITY

## Portfolio Activity

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
5/18/18	5/18/18	3,427	43814NAC9	HONDA ABS 2016-1 A3	1.22%	12/18/19	3,426.90		0.00
6/1/18	6/25/18	2,831	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	2,831.44		0.00
6/1/18	6/25/18	2,347	3136AQSW1	FNMA SERIES 2015-M15 ASQ2	1.89%	1/1/19	2,347.19		0.00
6/15/18	6/15/18	10,206	89237KAD5	TOYOTA ABS 2016-A A3	1.25%	3/15/20	10,206.12		0.00
6/15/18	6/15/18	6,641	34530YAD5	FORD ABS 2015-C A3	1.41%	2/15/20	6,641.33		0.00
6/15/18	6/15/18	5,412	02007LAC6	ALLY ABS 2016-3 A3	1.44%	8/15/20	5,412.18		0.00
6/15/18	6/15/18	3,861	44930UAD8	HYUNDAI ABS 2016-A A3	1.56%	9/15/20	3,860.81		0.00
6/15/18	6/15/18	6,548	34531PAD3	FORD ABS 2016-A A3	1.39%	7/15/20	6,547.84		0.00
6/15/18	6/15/18	11,411	65475WAD0	NISSAN ABS 2015-B A3	1.34%	3/15/20	11,411.11		0.00
6/15/18	6/15/18	12,166	14312QAB2	CARMAX ABS 2016-4 A2	1.21%	11/15/19	12,166.14		0.00
6/15/18	6/15/18	3,184	47788NAC2	JOHN DEERE ABS 2016-B A3	1.25%	6/15/20	3,184.00		0.00
6/18/18	6/18/18	3,301	43814NAC9	HONDA ABS 2016-1 A3	1.22%	12/18/19	3,300.67		0.00
<b>Total PAYDOWNS</b>		<b>396,103</b>					<b>396,103.14</b>		<b>0.00</b>

## SELL

5/3/18	5/10/18	100,000	912828WN6	US TREASURY NOTES	2.00%	5/31/21	98,954.93	2.66%	(4,270.42)
5/3/18	5/7/18	450,000	17275RAU6	CISCO SYSTEMS INC CORP NOTE	1.65%	6/15/18	452,717.25	2.08%	(208.74)
5/14/18	5/17/18	50,000	06051GFW4	BANK OF AMERICA CORP NOTE	2.62%	4/19/21	49,153.58	3.31%	(1,278.36)
6/5/18	6/7/18	250,000	06417GUE6	BANK OF NOVA SCOTIA HOUSTON LT CD	1.91%	4/5/19	249,368.13	2.56%	(1,467.50)
6/7/18	6/8/18	175,000	3130A8Y72	FHLB GLOBAL NOTE	0.87%	8/5/19	172,472.93	2.41%	(2,919.54)
6/15/18	6/19/18	85,000	89236TCP8	TOYOTA MOTOR CREDIT CORP	1.55%	7/13/18	85,513.12	2.55%	(56.16)
6/15/18	6/19/18	70,000	0258M0DV8	AMER EXP CRD CRP NT (CALLED OMD 7/31/18)	1.80%	7/2/18	70,471.80	2.37%	(17.80)
6/15/18	6/19/18	600,000	3130AA3R7	FHLB NOTES	1.37%	11/15/19	591,515.17	2.50%	(9,198.46)
6/15/18	6/19/18	165,000	3130A8Y72	FHLB GLOBAL NOTE	0.87%	8/5/19	162,658.15	2.45%	(2,759.24)
6/15/18	6/19/18	80,000	3135G0N33	FNMA BENCHMARK NOTE	0.87%	8/2/19	78,881.59	2.45%	(1,334.22)
<b>Total SELL</b>		<b>2,025,000</b>					<b>2,011,706.65</b>		<b>-23,510.44</b>

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## *Portfolio Holdings*

## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>U.S. Treasury Bond / Note</b>											
US TREASURY NOTES DTD 11/15/2010 2.625% 11/15/2020	912828PC8	35,000.00	AA+	Aaa	5/3/2016	5/6/2016	37,171.09	1.21	117.34	36,152.98	35,034.20
US TREASURY NOTES DTD 05/31/2016 1.375% 05/31/2021	912828R77	650,000.00	AA+	Aaa	3/15/2017	3/17/2017	633,115.24	2.02	757.00	638,150.91	627,275.35
US TREASURY NOTES DTD 06/02/2014 2.000% 05/31/2021	912828WN6	750,000.00	AA+	Aaa	9/1/2016	9/2/2016	776,953.13	1.22	1,270.49	766,751.96	737,021.25
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	675,000.00	AA+	Aaa	12/1/2016	12/5/2016	677,003.91	1.93	4,512.23	676,365.23	661,842.90
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	485,000.00	AA+	Aaa	10/3/2016	10/5/2016	503,206.45	1.21	3,242.12	496,877.76	475,546.38
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	900,000.00	AA+	Aaa	7/6/2017	7/11/2017	905,449.22	1.85	6,016.30	904,211.08	882,457.20
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	1,100,000.00	AA+	Aaa	6/27/2017	6/29/2017	1,111,988.28	1.73	7,353.26	1,109,183.61	1,078,558.80
US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	550,000.00	AA+	Aaa	8/30/2017	8/31/2017	541,320.31	1.64	1,158.29	543,014.90	525,465.05
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	350,000.00	AA+	Aaa	12/4/2017	12/6/2017	346,363.28	2.12	1,105.64	346,817.62	339,623.20
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	600,000.00	AA+	Aaa	5/3/2018	5/7/2018	580,828.13	2.73	1,895.38	581,514.62	582,211.20
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	425,000.00	AA+	Aaa	1/3/2018	1/4/2018	419,604.49	2.18	1,342.56	420,195.14	412,399.60
<b>Security Type Sub-Total</b>		<b>6,520,000.00</b>					<b>6,533,003.53</b>	<b>1.83</b>	<b>28,770.61</b>	<b>6,519,235.81</b>	<b>6,357,435.13</b>
<b>Supra-National Agency Bond / Note</b>											
INTER-AMERICAN DEVELOPMENT BANK DTD 04/12/2016 1.000% 05/13/2019	458182DX7	350,000.00	AAA	Aaa	4/5/2016	4/12/2016	348,950.00	1.10	466.67	349,701.43	345,458.75
INTER-AMERICAN DEVEL BK NOTE DTD 04/12/2017 1.625% 05/12/2020	4581X0CX4	400,000.00	AAA	Aaa	4/5/2017	4/12/2017	399,052.00	1.70	884.72	399,419.97	393,224.80



## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Supra-National Agency Bond / Note</b>											
INTL BANK OF RECONSTRUCTION AND DEV NOTE DTD 09/19/2017 1.561% 09/12/2020	45905UP32	625,000.00	AAA	Aaa	9/12/2017	9/19/2017	623,500.00	1.64	2,953.98	623,886.85	609,468.75
INTER-AMERICAN DEVELOPMENT BANK DTD 11/08/2013 2.125% 11/09/2020	4581X0CD8	500,000.00	AAA	Aaa	10/2/2017	10/10/2017	504,634.55	1.81	1,534.72	503,568.72	493,275.00
INTER-AMERICAN DEVELOPMENT BANK NOTE DTD 04/19/2018 2.625% 04/19/2021	4581X0DB1	150,000.00	AAA	Aaa	4/12/2018	4/19/2018	149,670.00	2.70	787.50	149,691.27	149,279.85
<b>Security Type Sub-Total</b>		<b>2,025,000.00</b>					<b>2,025,806.55</b>	<b>1.68</b>	<b>6,627.59</b>	<b>2,026,268.24</b>	<b>1,990,707.15</b>
<b>Municipal Bond / Note</b>											
CT ST TXBL GO BONDS DTD 08/17/2016 1.300% 08/15/2019	20772J3D2	275,000.00	A	A1	8/3/2016	8/17/2016	275,594.00	1.23	1,350.56	275,225.08	269,417.50
<b>Security Type Sub-Total</b>		<b>275,000.00</b>					<b>275,594.00</b>	<b>1.23</b>	<b>1,350.56</b>	<b>275,225.08</b>	<b>269,417.50</b>
<b>Federal Agency Collateralized Mortgage Obligation</b>											
FNMA SERIES 2015-M15 ASQ2 DTD 11/01/2015 1.898% 01/01/2019	3136AQSW1	21,221.86	AA+	Aaa	11/6/2015	11/30/2015	21,434.07	1.20	33.57	21,230.73	21,156.91
FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AQDQ0	76,620.06	AA+	Aaa	10/7/2015	10/30/2015	77,387.34	1.08	105.10	76,776.82	76,227.41
FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/25/2021	3136B1XP4	165,000.00	AA+	Aaa	4/11/2018	4/30/2018	168,282.02	2.27	489.50	168,184.95	167,333.12
FHLMC MULTIFAMILY STRUCTURED P POOL DTD 12/01/2015 3.090% 08/25/2022	3137BM6P6	130,000.00	AA+	Aaa	4/4/2018	4/9/2018	131,107.03	2.61	334.75	131,045.23	130,050.48
<b>Security Type Sub-Total</b>		<b>392,841.92</b>					<b>398,210.46</b>	<b>2.10</b>	<b>962.92</b>	<b>397,237.73</b>	<b>394,767.92</b>
<b>Federal Agency Bond / Note</b>											

## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Federal Agency Bond / Note</b>											
FEDERAL HOME LOAN BANK AGENCY NOTES DTD 05/12/2017 1.375% 05/28/2019	3130ABF92	100,000.00	AA+	Aaa	5/11/2017	5/12/2017	99,811.00	1.47	126.04	99,915.26	99,115.20
FHLB GLOBAL NOTE DTD 08/04/2016 0.875% 08/05/2019	3130A8Y72	35,000.00	AA+	Aaa	8/3/2016	8/4/2016	34,932.80	0.94	124.20	34,975.29	34,411.41
FNMA NOTES DTD 09/02/2016 1.000% 08/28/2019	3135G0P49	150,000.00	AA+	Aaa	8/31/2016	9/2/2016	149,766.00	1.05	512.50	149,908.45	147,546.75
FNMA NOTES DTD 02/28/2017 1.500% 02/28/2020	3135G0T29	150,000.00	AA+	Aaa	2/24/2017	2/28/2017	149,904.00	1.52	768.75	149,946.41	147,465.00
FHLB GLOBAL NOTE DTD 07/14/2016 1.125% 07/14/2021	3130A8QS5	625,000.00	AA+	Aaa	7/14/2016	7/15/2016	621,199.38	1.25	3,261.72	622,662.84	598,073.75
<b>Security Type Sub-Total</b>		<b>1,060,000.00</b>					<b>1,055,613.18</b>	<b>1.27</b>	<b>4,793.21</b>	<b>1,057,408.25</b>	<b>1,026,612.11</b>
<b>Corporate Note</b>											
BERKSHIRE HATHAWAY INC NOTES DTD 03/15/2016 1.700% 03/15/2019	084664CG4	35,000.00	AA	Aa2	3/8/2016	3/15/2016	34,973.40	1.73	175.19	34,993.62	34,817.76
WELLS FARGO & COMPANY CORP NOTE DTD 04/22/2014 2.125% 04/22/2019	94974BFU9	250,000.00	A-	A2	3/10/2016	3/15/2016	251,022.50	1.99	1,018.23	250,272.83	248,590.25
GOLDMAN SACHS GRP INC CORP NT (CALLABLE) DTD 04/25/2016 2.000% 04/25/2019	38141GVT8	200,000.00	BBB+	A3	4/21/2016	4/26/2016	199,872.00	2.02	733.33	199,964.40	198,616.60
GOLDMAN SACHS GRP INC CORP NT (CALLABLE) DTD 04/25/2016 2.000% 04/25/2019	38141GVT8	35,000.00	BBB+	A3	4/20/2016	4/25/2016	34,902.70	2.10	128.33	34,972.93	34,757.91
CITIGROUP INC CORP NOTES DTD 06/09/2016 2.050% 06/07/2019	172967KS9	100,000.00	BBB+	Baa1	6/2/2016	6/9/2016	99,948.00	2.07	136.67	99,983.43	99,198.80
BURLINGTON NRTH CORP DTD 09/24/2009 4.700% 10/01/2019	12189TBC7	125,000.00	A+	A3	6/3/2016	6/8/2016	137,987.50	1.48	1,468.75	129,972.50	127,827.75

## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Corporate Note</b>											
CITIGROUP INC (CALLABLE) CORP NOTE DTD 01/10/2017 2.450% 01/10/2020	172967LF6	250,000.00	BBB+	Baa1	1/4/2017	1/10/2017	249,900.00	2.46	2,909.38	249,948.25	247,192.25
MICROSOFT CORP NOTES DTD 02/06/2017 1.850% 02/06/2020	594918BV5	225,000.00	AAA	Aaa	1/30/2017	2/6/2017	224,849.25	1.87	1,676.56	224,918.71	222,124.95
AMERICAN EXPRESS CREDIT (CALLABLE) NOTE DTD 03/03/2017 2.200% 03/03/2020	0258M0EE5	180,000.00	A-	A2	2/28/2017	3/3/2017	179,812.80	2.24	1,298.00	179,894.15	177,638.40
WALT DISNEY COMPANY CORP NOTES DTD 03/06/2017 1.950% 03/04/2020	25468PDP8	100,000.00	A+	A2	3/1/2017	3/6/2017	99,974.00	1.96	633.75	99,985.25	98,343.10
TOYOTA MOTOR CREDIT CORP DTD 04/17/2017 1.950% 04/17/2020	89236TDU6	350,000.00	AA-	Aa3	4/11/2017	4/17/2017	349,839.00	1.97	1,402.92	349,902.60	343,978.95
APPLE INC BONDS DTD 05/11/2017 1.800% 05/11/2020	037833CS7	200,000.00	AA+	Aa1	5/4/2017	5/11/2017	199,796.00	1.84	500.00	199,872.16	196,611.20
HOME DEPOT INC CORP NOTES DTD 06/05/2017 1.800% 06/05/2020	437076BQ4	125,000.00	A	A2	5/24/2017	6/5/2017	124,927.50	1.82	162.50	124,952.97	122,751.63
JP MORGAN CHASE & CO CORP NT (CALLABLE) DTD 06/23/2015 2.750% 06/23/2020	46625HLW8	250,000.00	A-	A3	4/1/2016	4/4/2016	256,172.50	2.13	152.78	252,897.42	247,777.25
AMERICAN HONDA FINANCE CORP NOTES DTD 07/20/2017 1.950% 07/20/2020	02665WBT7	100,000.00	A+	A2	7/17/2017	7/20/2017	99,899.00	1.98	872.08	99,930.25	97,925.40
CATERPILLAR FINL SERVICE NOTE DTD 09/07/2017 1.850% 09/04/2020	14913Q2A6	185,000.00	A	A3	9/5/2017	9/7/2017	184,844.60	1.88	1,112.31	184,886.09	180,154.85
PACCAR FINANCIAL CORP NOTES DTD 11/13/2017 2.050% 11/13/2020	69371RN85	125,000.00	A+	A1	11/6/2017	11/13/2017	124,988.75	2.05	341.67	124,991.07	121,991.13
WAL-MART STORES INC CORP NOTE DTD 10/20/2017 1.900% 12/15/2020	931142EA7	250,000.00	AA	Aa2	10/11/2017	10/20/2017	249,637.50	1.95	211.11	249,719.35	244,934.00
BRANCH BANKING & TRUST (CALLABLE) NOTES DTD 10/26/2017 2.150% 02/01/2021	05531FAZ6	65,000.00	A-	A2	10/23/2017	10/26/2017	64,970.10	2.17	582.29	64,975.42	63,212.57

## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Corporate Note</b>											
IBM CORP CORP NOTES DTD 02/06/2018 2.650% 02/05/2021	44932HAG8	250,000.00	A+	A1	2/1/2018	2/6/2018	249,877.50	2.67	2,668.40	249,893.34	247,630.75
AMERICAN HONDA FINANCE DTD 02/15/2018 2.650% 02/12/2021	02665WCD1	125,000.00	A+	A2	2/12/2018	2/15/2018	124,825.00	2.70	1,251.39	124,846.25	123,706.38
NATIONAL RURAL UTIL COOP DTD 02/26/2018 2.900% 03/15/2021	63743HER9	100,000.00	A	A2	2/21/2018	2/26/2018	99,889.00	2.94	1,006.94	99,901.80	99,256.10
NATIONAL RURAL UTIL COOP DTD 02/26/2018 2.900% 03/15/2021	63743HER9	150,000.00	A	A2	4/12/2018	4/19/2018	149,365.50	3.05	1,510.42	149,409.81	148,884.15
PEPSICO INC CORP (CALLABLE) NOTE DTD 10/10/2017 2.000% 04/15/2021	713448DX3	165,000.00	A+	A1	10/5/2017	10/10/2017	164,967.00	2.01	696.67	164,973.45	160,868.24
BANK OF AMERICA CORP NOTE DTD 04/19/2016 2.625% 04/19/2021	06051GFW4	25,000.00	A-	A3	11/1/2017	11/3/2017	25,194.00	2.39	131.25	25,158.24	24,559.43
MORGAN STANLEY CORP NOTES DTD 04/21/2016 2.500% 04/21/2021	61746BEA0	250,000.00	BBB+	A3	11/1/2017	11/3/2017	250,810.00	2.40	1,215.28	250,661.44	244,172.00
BANK OF NEW YORK MELLON (CALLABLE) NOTES DTD 05/02/2016 2.050% 05/03/2021	06406FAB9	250,000.00	A	A1	5/17/2016	5/20/2016	250,532.50	2.00	825.69	250,308.99	242,202.75
AMERICAN EXPRESS CREDIT (CALLABLE) NOTES DTD 05/05/2016 2.250% 05/05/2021	0258M0EB1	150,000.00	A-	A2	5/25/2016	5/31/2016	149,721.00	2.29	525.00	149,835.88	145,759.65
BRANCH BANKING & TRUST (CALLABLE) NOTE DTD 05/10/2016 2.050% 05/10/2021	05531FAV5	125,000.00	A-	A2	5/10/2016	5/16/2016	124,917.50	2.06	363.02	124,951.78	120,784.25
HERSHEY COMPANY CORP NOTES DTD 05/10/2018 3.100% 05/15/2021	427866BA5	100,000.00	A	A1	5/3/2018	5/10/2018	99,931.00	3.12	439.17	99,934.20	100,112.20
STATE STREET CORP NOTES DTD 05/19/2016 1.950% 05/19/2021	857477AV5	70,000.00	A	A1	5/19/2016	5/24/2016	69,735.40	2.03	159.25	69,843.83	67,814.67
CHARLES SCHWAB CORP CORP NOTES DTD 05/22/2018 3.250% 05/21/2021	808513AW5	160,000.00	A	A2	5/17/2018	5/22/2018	159,995.20	3.25	563.33	159,995.35	160,639.36

## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Corporate Note</b>											
BANK OF AMERICA CORP (CALLABLE) DTD 09/18/2017 2.328% 10/01/2021	06051GGS2	175,000.00	A-	A3	9/13/2017	9/18/2017	175,000.00	2.33	1,018.50	175,000.00	171,081.23
JOHN DEERE CAPITAL CORP NOTES DTD 01/06/2017 2.650% 01/06/2022	24422ETL3	225,000.00	A	A2	3/10/2017	3/15/2017	224,007.75	2.75	2,898.44	224,265.79	220,155.53
BANK OF AMERICA CORP DTD 05/17/2018 3.499% 05/17/2022	06051GHH5	50,000.00	A-	A3	5/14/2018	5/17/2018	50,000.00	3.50	213.83	50,000.00	49,982.85
<b>Security Type Sub-Total</b>		<b>5,520,000.00</b>					<b>5,537,085.45</b>	<b>2.24</b>	<b>31,002.43</b>	<b>5,526,013.55</b>	<b>5,436,054.29</b>
<b>Commercial Paper</b>											
MUFG BANK LTD/NY COMM PAPER DTD 10/24/2017 0.000% 07/20/2018	06538CGL9	500,000.00	A-1	P-1	10/23/2017	10/24/2017	493,872.78	1.66	0.00	499,567.22	499,410.50
<b>Security Type Sub-Total</b>		<b>500,000.00</b>					<b>493,872.78</b>	<b>1.66</b>	<b>0.00</b>	<b>499,567.22</b>	<b>499,410.50</b>
<b>Certificate of Deposit</b>											
CANADIAN IMPERIAL BANK NY CD DTD 12/05/2016 1.760% 11/30/2018	13606A5Z7	500,000.00	A-1	P-1	12/1/2016	12/5/2016	499,610.00	1.78	757.78	499,918.24	498,693.00
NORDEA BANK FINLAND NY CD DTD 12/05/2016 1.760% 11/30/2018	65558LWA6	500,000.00	A-1+	P-1	12/1/2016	12/5/2016	500,000.00	1.74	782.22	500,000.00	499,328.00
SVENSKA HANDELSBANKEN NY LT CD DTD 01/12/2017 1.890% 01/10/2019	86958JHB8	500,000.00	A-1+	P-1	1/10/2017	1/12/2017	500,000.00	1.91	4,515.00	500,000.00	497,828.50
BANK OF MONTREAL CHICAGO CERT DEPOS DTD 02/09/2017 1.880% 02/07/2019	06427KRC3	500,000.00	A-1	P-1	2/8/2017	2/9/2017	500,000.00	1.90	3,760.00	500,000.00	499,068.50
BANK OF NOVA SCOTIA HOUSTON LT CD DTD 04/06/2017 1.910% 04/05/2019	06417GUE6	250,000.00	A-1	P-1	4/5/2017	4/6/2017	250,000.00	1.91	1,153.96	250,000.00	248,548.00
SUMITOMO MITSUI BANK NY CD DTD 05/04/2017 2.050% 05/03/2019	86563YVNO	500,000.00	A-1	P-1	5/3/2017	5/4/2017	500,000.00	2.05	1,679.86	500,000.00	497,874.00

## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Certificate of Deposit</b>											
SKANDINAV ENSKILDA BANKEN NY CD DTD 08/04/2017 1.840% 08/02/2019	83050FXT3	500,000.00	A+	Aa2	8/3/2017	8/4/2017	499,805.00	1.85	3,807.78	499,893.66	495,686.50
MUFG BANK LTD/NY CERT DEPOS DTD 09/27/2017 2.070% 09/25/2019	06539RGM3	250,000.00	A	A1	9/25/2017	9/27/2017	250,000.00	2.07	3,981.88	250,000.00	247,500.25
CREDIT SUISSE NEW YORK CERT DEPOS DTD 02/08/2018 2.670% 02/07/2020	22549LFR1	250,000.00	A	A1	2/7/2018	2/8/2018	250,000.00	2.67	2,651.46	250,000.00	249,990.75
UBS AG STAMFORD CT LT CD DTD 03/06/2018 2.900% 03/02/2020	90275DHG8	250,000.00	A+	Aa2	3/2/2018	3/6/2018	250,000.00	2.93	2,356.25	250,000.00	250,822.00
BANK OF NOVA SCOTIA HOUSTON CD DTD 06/07/2018 3.080% 06/05/2020	06417GU22	250,000.00	A+	A1	6/5/2018	6/7/2018	249,905.00	3.10	513.33	249,908.07	251,387.25
WESTPAC BANKING CORP NY CD DTD 08/07/2017 2.050% 08/03/2020	96121T4A3	450,000.00	AA-	Aa3	8/3/2017	8/7/2017	450,000.00	2.05	3,690.00	450,000.00	442,878.30
SWEDBANK (NEW YORK) CERT DEPOS DTD 11/17/2017 2.270% 11/16/2020	87019U6D6	500,000.00	AA-	Aa2	11/16/2017	11/17/2017	500,000.00	2.30	1,450.28	500,000.00	489,559.00
ROYAL BANK OF CANADA NY CD DTD 06/08/2018 3.240% 06/07/2021	78012UEE1	425,000.00	AA-	A1	6/7/2018	6/8/2018	425,000.00	3.24	879.75	425,000.00	427,991.15
<b>Security Type Sub-Total</b>		<b>5,625,000.00</b>					<b>5,624,320.00</b>	<b>2.18</b>	<b>31,979.55</b>	<b>5,624,719.97</b>	<b>5,597,155.20</b>
<b>Asset-Backed Security / Collateralized Mortgage Obligation</b>											
CARMAX ABS 2016-4 A2 DTD 10/26/2016 1.210% 11/15/2019	14312QAB2	20,909.23	NR	Aaa	10/19/2016	10/26/2016	20,908.10	1.21	11.24	20,908.75	20,890.09
HONDA ABS 2016-1 A3 DTD 02/25/2016 1.220% 12/18/2019	43814NAC9	24,345.99	AAA	NR	2/16/2016	2/25/2016	24,342.53	1.23	10.73	24,344.86	24,237.91
FORD ABS 2015-C A3 DTD 09/22/2015 1.410% 02/15/2020	34530YAD5	29,819.58	AAA	Aaa	9/15/2015	9/22/2015	29,813.77	1.42	18.69	29,818.27	29,758.41
NISSAN ABS 2015-B A3 DTD 07/22/2015 1.340% 03/15/2020	65475WAD0	78,806.44	NR	Aaa	7/15/2015	7/22/2015	78,800.19	1.34	46.93	78,804.52	78,528.61

## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Asset-Backed Security / Collateralized Mortgage Obligation</b>											
TOYOTA ABS 2016-A A3 DTD 03/02/2016 1.250% 03/15/2020	89237KAD5	85,058.25	AAA	Aaa	2/23/2016	3/2/2016	85,053.43	1.25	47.25	85,056.48	84,654.51
JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020	47788NAC2	40,921.60	NR	Aaa	7/19/2016	7/27/2016	40,918.34	1.25	22.73	40,920.16	40,642.02
FORD ABS 2016-A A3 DTD 01/26/2016 1.390% 07/15/2020	34531PAD3	55,681.58	AAA	NR	1/20/2016	1/26/2016	55,680.40	1.39	34.40	55,681.11	55,428.56
ALLY ABS 2016-3 A3 DTD 05/31/2016 1.440% 08/15/2020	02007LAC6	49,367.45	AAA	Aaa	5/24/2016	5/31/2016	49,362.66	1.44	31.60	49,365.17	49,146.42
HYUNDAI ABS 2016-A A3 DTD 03/30/2016 1.560% 09/15/2020	44930UAD8	40,828.78	AAA	Aaa	3/22/2016	3/30/2016	40,820.86	1.57	28.31	40,825.23	40,626.34
HONDA ABS 2016-4 A3 DTD 10/25/2016 1.210% 12/18/2020	43814RAC0	225,000.00	AAA	NR	10/18/2016	10/25/2016	224,985.40	1.04	98.31	224,992.15	222,587.73
CITIBANK ABS 2017-A2 A2 DTD 01/26/2017 1.740% 01/17/2021	17305EGA7	380,000.00	AAA	Aaa	1/19/2017	1/26/2017	379,927.23	1.75	3,012.13	380,000.00	378,400.01
TOYOTA ABS 2017-A A3 DTD 03/15/2017 1.730% 02/15/2021	89238MAD0	125,000.00	AAA	Aaa	3/7/2017	3/15/2017	124,985.29	1.74	96.11	124,990.01	123,782.48
HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	130,000.00	AAA	Aaa	9/14/2016	9/21/2016	129,982.50	1.30	74.53	129,990.01	128,297.03
ALLY ABS 2017-1 A3 DTD 01/31/2017 1.700% 06/15/2021	02007PAC7	100,000.00	NR	Aaa	1/24/2017	1/31/2017	99,991.26	1.70	75.56	99,994.25	99,170.88
FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	330,000.00	NR	Aaa	1/18/2017	1/25/2017	329,998.78	1.67	244.93	329,999.28	326,205.43
ALLY ABS 2017-2 A3 DTD 03/29/2017 1.780% 08/15/2021	02007HAC5	360,000.00	NR	Aaa	3/21/2017	3/29/2017	359,957.56	1.79	284.80	359,970.34	356,788.94
HAROT 2017-3 A3 DTD 09/29/2017 1.790% 09/18/2021	43814PAC4	65,000.00	AAA	NR	9/25/2017	9/29/2017	64,992.96	1.94	42.02	64,994.23	63,960.70
TAOT 2018-A A3 DTD 01/31/2018 2.350% 05/16/2022	89238BAD4	100,000.00	AAA	Aaa	1/23/2018	1/31/2018	99,998.85	2.35	104.44	99,999.01	98,989.05
<b>Security Type Sub-Total</b>		<b>2,240,738.90</b>					<b>2,240,520.11</b>	<b>1.60</b>	<b>4,284.71</b>	<b>2,240,653.83</b>	<b>2,222,095.12</b>

## Managed Account Detail of Securities Held

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
Managed Account Sub Total		24,158,580.82					24,184,026.06	1.94	109,771.58	24,166,329.68	23,793,654.92
Money Market Mutual Fund											
CAMP Pool		75,852.91	AAAm	NR			75,852.91		0.00	75,852.91	75,852.91
Money Market Sub Total		75,852.91					75,852.91		0.00	75,852.91	75,852.91
Securities Sub-Total		\$24,234,433.73					\$24,259,878.97	1.94%	\$109,771.58	\$24,242,182.59	\$23,869,507.83
Accrued Interest											\$109,771.58
Total Investments											\$23,979,279.41

Bolded items are forward settling trades.



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# *Appendix*

**IMPORTANT DISCLOSURES**

This material is based on information obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management LLC cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some, but not all of which, are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.

- Market values that include accrued interest are derived from closing bid prices as of the last business day of the month as supplied by Interactive Data, Bloomberg, or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield based matrix system to arrive at an estimated market value.
- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.

## GLOSSARY

- **ACCRUED INTEREST:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **AGENCIES:** Federal agency securities and/or Government-sponsored enterprises.
- **AMORTIZED COST:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **BANKERS' ACCEPTANCE:** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **COMMERCIAL PAPER:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **CONTRIBUTION TO DURATION:** Represents each sector or maturity range's relative contribution to the overall duration of the portfolio measured as a percentage weighting. Since duration is a key measure of interest rate sensitivity, the contribution to duration measures the relative amount or contribution of that sector or maturity range to the total rate sensitivity of the portfolio.
- **DURATION TO WORST:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years, computed from cash flows to the maturity date or to the put date, whichever results in the highest yield to the investor.
- **EFFECTIVE DURATION:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **EFFECTIVE YIELD:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **INTEREST RATE:** Interest per year divided by principal amount and expressed as a percentage.
- **MARKET VALUE:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.
- **NEGOTIABLE CERTIFICATES OF DEPOSIT:** A CD with a very large denomination, usually \$1 million or more, that can be traded in secondary markets.
- **PAR VALUE:** The nominal dollar face amount of a security.

## GLOSSARY

- **PASS THROUGH SECURITY:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.
- **REPURCHASE AGREEMENTS:** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- **SETTLE DATE:** The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- **TRADE DATE:** The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- **UNSETTLED TRADE:** A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- **U.S. TREASURY:** The department of the U.S. government that issues Treasury securities.
- **YIELD:** The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- **YTM AT COST:** The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- **YTM AT MARKET:** The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.

## 2018 Multi-County Agency Biennial Notice

Name of Agency: Employment Risk Management Authority (ERMA)  
Mailing Address: 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833  
Contact Person: Jennifer Jobe, Executive Director Phone No. (916) 244-1141  
Email: jjobe@bickmore.net Alternate Email: \_\_\_\_\_

Counties within Jurisdiction, or for Charter Schools, Counties in which the School is Chartered:  
(if more space is needed, include an attachment):  
(See attached listing)

No. of Employees\* 0 No. of Form 700 Filers\* 25  
\*Including board and committee members

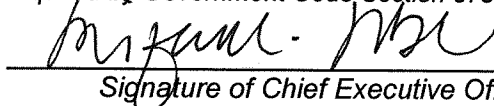
**Accurate disclosure is essential to monitor whether officials have conflicts of interest and to help ensure public trust in government. The biennial review examines current programs to ensure that the agency's code includes disclosure by those agency officials who make or participate in making governmental decisions.**

Please identify which statement accurately describes your agency's status.

- ☒ This agency has reviewed its conflict of interest code. The current code designates all positions which make or participate in making governmental decisions. The designated positions are assigned accurate disclosure categories that relate to the job duties of the respective positions. The code incorporates FPPC regulation 18730 so that all relevant Government Code Sections are referenced.
- ☐ This agency has reviewed its conflict of interest code and has determined that an amendment is necessary. An amendment may include the following:
- New positions which involve the making or participating in the making of decisions which may foreseeably have a material impact on a financial interest
  - Current designated positions need renaming or deletion
  - Statutorily required provisions of the code need to be addressed
  - Disclosure categories need revision

### Verification (to be completed if no amendment is required)

*This multi-county agency's code accurately designates all positions that make or participate in the making of governmental decisions. The disclosure assigned to those positions accurately requires that all investments, business positions, interests in real property, and sources of income that may foreseeably be affected materially by the decisions made by those holding designated positions are reported. The code includes all other provisions required by Government Code Section 87302.*

  
\_\_\_\_\_  
Signature of Chief Executive Officer

August 13, 2018  
\_\_\_\_\_  
Date

All multi-county agencies must complete and return this notice, including those agencies whose codes are currently under review. Please return this notice no later than **October 1, 2018** to the FPPC at [biennialnotice@fppc.ca.gov](mailto:biennialnotice@fppc.ca.gov) or 1102 Q Street, Suite 3000, Sacramento, CA 95811.

**ERMA Counties  
As of  
August 13, 2018**

**Alameda  
Amador  
Butte  
Calaveras  
Colusa  
Contra  
Contra Costa  
Douglas  
El Dorado  
Fresno  
Glenn  
Humboldt  
Imperial  
Kern  
Kings  
Lake  
Lassen  
Loa Angeles  
Madera  
Marin  
Mendocino  
Merced  
Modoc  
Monterey  
Napa**

**Nevada  
Orange  
Placer  
Plumas  
Sacramento  
San Benito  
San Bernardino  
San Diego  
San Francisco  
San Joaquin  
San Mateo  
Santa Clara  
Santa Cruz  
San Luis Obispo  
Shasta  
Siskiyou  
Sonoma  
Stanislaus  
Sutter  
Tehama  
Tulare  
Tuolumne  
Yolo  
Yuba**

**EMPLOYMENT RISK MANAGEMENT AUTHORITY**

**(ERMA)**

**BYLAWS**

**AS AMENDED EFFECTIVE APRIL 18, 2016**

**EMPLOYMENT RISK MANAGEMENT AUTHORITY  
(ERMA)  
BYLAWS  
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# **BYLAWS**

## **ARTICLE I**

### **PREAMBLE**

The Employment Risk Management Authority (*ERMA*) is established for the purpose of operating and maintaining a cooperative program of self-insurance and risk management in the area of Employment Practices Liability and to provide a forum for the discussion, study, development, training and implementation of practices and procedures in that area.

## **ARTICLE II**

### **PURPOSES**

The purposes of *ERMA* are:

- A. To provide a self-insurance and risk management program, a system that will achieve the following objectives for the benefit of *ERMA's Members*:
  - 1. Reduced costs of pooled coverage and of excess commercial insurance or reinsurance through effective loss prevention and control practices and combined purchasing power;
  - 2. Reduced cost of claims administrative services through central management, volume, and combined purchasing power;
  - 3. Increased stability of pooled rates and rates in the excess commercial insurance or reinsurance markets through the size of combined membership, longer duration of commercial insurance or reinsurance agreements, and effective loss control practices; and

4. Reduced severity and frequency of losses of members through training and the implementation of standard practices and procedures.
- B. To achieve through training, loss prevention and audit compliance techniques:
1. Established reserve funds for easing the financial impact of large losses on the *Members*; and
  2. Increased awareness of policies and practices causing losses and providing guidance in the alleviation of such policies and practices.
- C. To provide funding programs:
1. To pay claims and benefits as authorized by *ERMA's Members*;
  2. To establish reserves for expected future claims payment;
  3. To jointly purchase reinsurance or excess commercial insurance, where such purchase is advantageous to the *Members* as a whole; and
  4. To jointly purchase administrative and other services including risk management, consulting, brokerage, claims administration, claims adjusting, safety and loss prevention, data processing, legal, and related services.

### ARTICLE III

#### DEFINITIONS

The terms in these Bylaws shall be as defined herein and in the *Agreement* creating the Employment Risk Management Authority, unless otherwise specified herein.

- A. "Agreement" shall mean the Joint Powers Agreement creating the Employment Risk Management Authority.
- B. "Alternate" shall mean the person designated by the *Member* to act as a director of *ERMA* in the absence of the *Representative*. The *Alternate* shall have the same responsibility, power and authority as the *Representative*.
- C. "ERMA" shall mean the Employment Risk Management Authority, an agency created by the *Agreement*.
- D. "Board" or "Board of Directors" shall mean the governing body of *ERMA* composed of one *Representative* of each *Member*.
- E. "Coverage Programs" shall mean coverages provided by *ERMA* pursuant to a *Memorandum of Coverage* and/or provided by a purchased *Excess Insurance* or reinsurance.
- F. "Deposit Premium" shall mean the annual dollar amount determined by the *Board of Directors* or Executive Committee which is payable by each *Member* as its established share of the funding required to cover the financial obligations of a *Coverage Program* in which the *Member* participates.

- G. "Excess Insurance" shall mean that commercial insurance or reinsurance purchased by *ERMA* to cover losses in excess of *ERMA's Coverage Program* limits and/or each *Member's Retained Limit*.
- H. "Master Program Document" shall mean the document that sets forth the operations, policies and procedures of a given *Coverage Program*.
- I. "Member" shall mean a governmental entity, including any commissions, agencies, districts, authorities, boards, or other similar government entity under the direct control of the governmental entity, that is eligible to participate in a joint powers authority. A Member is one who has been accepted into *ERMA* and is a Named Covered Party in the Memorandum of Coverage and Endorsements thereto.
- J. "Memorandum of Coverage" shall mean the negotiated agreement among the Members of the Authority adopted annually by the Board of Directors specifying the type, amount, and conditions of coverage provided to each participant.
- K. "Program Year" shall mean a period of time determined by the *Board* or Executive Committee, usually 12 months, into which each *Coverage Program* shall be segregated for purposes of accounting and record-keeping.
- L. "Representative" shall mean the person designated by the *Member* to act as a director of *ERMA*. The *Representative* shall have the authority to bind the *Member* on any and all matters relating to the business of *ERMA*.

- M. “Retained Limit” shall mean the amount of a claim which the *Member* must incur or become liable for before *ERMA*, or any applicable purchased *Coverage Program*, is obligated to pay.

## **ARTICLE IV**

### **OFFICES**

The principal office for the transaction of business of *ERMA* and receipt of all notices is hereby fixed and located as described in Appendix A attached hereto and incorporated herein by reference. The *Board* or Executive Committee shall have the authority to change the location of the principal office.

Other business offices may at any time be established by the *Board* or Executive Committee at any place or places where *ERMA* is authorized to do business.

## **ARTICLE V**

### **DIRECTORS**

Each Participating JPA in *ERMA* and the Oakland Housing Authority and Housing Authority of the County of Contra Costa shall appoint a *Representative* to the *Board of Directors*. The appointment shall be in writing, directed to *ERMA* at its designated principal office and shall remain in effect until the receipt of a notice designating a replacement. Each Participating JPA in *ERMA*, the Oakland Housing Authority and the Housing Authority of the County of Contra Costa shall also designate an *Alternate*, in the manner described above, to act in the absence of its duly appointed *Representative*.

Any newly approved Participating JPA shall also appoint a Representative and an Alternate. Any newly approved individual members shall not be allowed a Representative and Alternate.

**ARTICLE VI**  
**ELECTION, APPOINTMENT AND DUTIES OF OFFICERS**

**A. ELECTION OF OFFICERS**

The President, Vice President, and Treasurer/Auditor shall be elected, as individuals, from among the *Representatives* to the *Board of Directors* and serve for a term of two years.

Voting for officers will be conducted at the *Board* meeting immediately preceding July 1. Each Representative shall cast one vote for each office. The *Board* or Executive Committee may designate a nominating committee to facilitate this process. The candidate receiving a plurality of votes for the particular office will be elected and will assume the office upon his/her election. In the event of a tie vote, with no candidate receiving a plurality, those not involved in the tie vote will be eliminated and the remaining candidates will draw lots.

The President, Vice President, and Treasurer/Auditor will serve for their elected term of office until termination of employment or office with a *Member*; or until removal from office by the affirmative vote of two-thirds of the *Members* of the entire *Board of Directors*. Vacancies in the offices of President, Vice President, or Treasurer/Auditor will be filled by a majority vote of the remaining Representatives until the next scheduled election.

All information received by the *Board of Directors* in a closed session shall be confidential. However, a *Representative*, or an *Alternate* acting in the place of a *Representative*, who is also on the *Member's* legislative body may disclose information obtained in a closed session that has direct financial or liability implications for that *Member* to the following individuals:

1. Legal counsel of that *Member* for purposes of obtaining advice on whether the matter has direct financial or liability implications for that *Member*.

2. Other individuals of the *Member's* legislative body present in a closed session of that *Member*.

## **B. APPOINTMENT OF OFFICERS**

The President will appoint such other officers as deemed appropriate subject to approval of the *Board* or Executive Committee.

## **C. DUTIES OF OFFICERS**

1. President - The President will preside at all meetings of *ERMA*. The President shall appoint the members of committees as necessary or appropriate for carrying out the activities of *ERMA*. Committees appointed by the President may hold office beyond the President's term subject to the approval of the new President. The President shall execute documents on behalf of *ERMA* as authorized by the *Board of Directors* or Executive Committee and shall serve as the primary liaison between this and any other organization.
2. Vice President - In the absence of or temporary incapacity of the President, the Vice-President shall exercise the functions covered in "1" above. The Vice-President shall also serve as the auditor/controller of *ERMA*.
3. Treasurer/Auditor - The duties of the Treasurer/Auditor shall be those specified in Sections 6505.5 or 6505.6 of the California Government Code, to receive and safekeep all money coming into the treasury, and to comply with all laws governing the deposit and investment of funds. Per Section 53607, the Treasurer will submit a monthly report of investment transactions to the *Board* or Executive Committee, as well as a report to the *Board* or Executive Committee on a regular basis that shall disclose the information as outlined in Section 53646.



4. Administrator - The Administrator shall perform all duties specified in *the Master Program Document*, and shall be present at all meetings to perform such duties as the *Board* or Executive Committee may specify.

## ARTICLE VII

### **BOARD OF DIRECTORS MEETINGS**

There shall be at least one regular meeting of the *Board of Directors* each year, which shall be designated as the annual membership meeting. The President may request special meetings of the *Board* as needs dictate. Special meetings may also be called by at least one-third of the representatives to the *Board*. Notice of such special meetings shall be delivered personally, by electronic mail, by electronic facsimile transmission or by mail, as provided by state law to each *Representative* to the *Board* at least twenty-four (24) hours before the time of such meeting.

A regular or special meeting of the *Board* may be canceled or postponed by the President by notice delivered personally, by electronic mail, by electronic facsimile transmission or by mail, as provided by state law to each *Representative* to the *Board* at least twenty-four (24) hours before the time of such meeting. The annual membership meeting may be postponed but not canceled.

No business may be transacted by the *Board* or other appointed committees without a quorum of its respective *Members* being present. A quorum of the *Board* shall consist of a majority of its *Members*. Unless otherwise required, a majority of the *Members* present must vote in favor of a motion to approve it.

An agenda of each *Board* meeting shall be published and posted at the principal office of *ERMA* in accordance with applicable state law.

Official minutes of the *Board* meetings shall be kept by *ERMA* in a minute book at its principal office and shall be distributed to the *Members* within 15 business days.

**ARTICLE VIII**  
**DUTIES OF DIRECTORS**

The *Board of Directors* shall be responsible for governing *ERMA* either directly or by delegation to other bodies or persons unless prohibited by law or the *Agreement* and shall exercise all those powers not specifically reserved to the *Members* in the *Agreement*. Each *Representative* shall be entitled to cast one vote in all matters requiring a vote, except in the case of an actual or potential conflict of interest.

**ARTICLE IX**  
**EXECUTIVE COMMITTEE**

There may be an Executive Committee, pursuant to Article IX of the Joint Powers *Agreement*. The members of the Committee shall be the President, Vice President, Treasurer/Auditor, and up to ten other *Representatives* of the *Board of Directors*. The *Representatives* who are not officers shall be elected by the *Board* in the same manner and at the same time as the elected officers and shall serve a two-year term commensurate with the terms of the officers. One-half of the *Representatives* who are not officers shall be elected by the *Board* in the same manner and at the same time as the elected officers and shall serve a two-year term commensurate with the terms of the officers. The other one-half of the *Representatives* who are not officers shall be elected in the same manner as the officers. However, their two-year terms shall commence on July 1 of each alternate year.

The Executive Committee will meet as required by business, but not less than two times a year. Such meetings will be duly noticed and an agenda will be distributed to all *Board* members. The *Board* Secretary, or other designated officer, will keep minutes of the meetings and send copies of such minutes to all *Board* members.

All meetings of the Executive Committee shall be conducted in accordance with the Ralph M. Brown Act (Government Code § 54950, et seq.)

The Executive Committee shall have the same authority as that of the *Board* except for those authorities specifically reserved unto the *Members* in Article VII. A. of the Joint Powers *Agreement*.

Any action taken by the Executive Committee may be appealed to the *Board* by filing a written request with the *Administrator* within sixty (60) days from the date of such action. Upon receipt of such request, the Administrator shall place the request for appeal on the agenda of the next regularly scheduled *Board* meeting. The decision of the *Board* shall be final.

## **ARTICLE X**

### **ADMINISTRATOR**

There will be an *ERMA* Administrator appointed by the *Board*. The Administrator shall be responsible for the day-to-day administration, management, and operation of *ERMA*'s programs of risk management and he/she will be subject to the direction and control of the *Board* and Executive Committee. The Administrator may, but need not be, a consultant or an employee of a corporation or *ERMA*.

The Administrator, either personally or through delegation, shall:

1. Monitor the status of *ERMA*'s programs and operations, losses, administrative and operational costs, service companies' and brokers' performance and report to the *Board* or Executive Committee;
2. Prepare a budget in accordance with Article XII;

3. Prepare a report at least annually that compares each fiscal year's budgeted to actual expenditures;
4. Engage the services of an independent financial auditor selected by the *Board* or Executive Committee and present the findings to the *Board* or Executive Committee;
5. Invoice *Members* for *Deposit Premiums* and other amounts due;
6. Report to the *Board* or Executive Committee any invoices not paid and outstanding for more than thirty (30) days;
7. Prepare vouchers, invoices, or other demands for payment, and submit the demands to the Treasurer/Auditor and/or another authorized signer for payment;
8. Maintain detailed financial records of all income, expenses, cash deposits, and withdrawals;
9. Maintain financial records according to generally accepted accounting principles including the Governmental Accounting Standards Board guidelines;
10. Present timely quarterly and annual financial statements to the *Board* or Executive Committee;
11. Assist the *Board* or Executive Committee in selecting brokers, insurance companies, actuaries, auditors, loss control service providers, investment advisors, and claims administrators;

12. Select and supervise *ERMA* employees and agents as authorized by the *Board* or Executive Committee;
13. Conduct the business of *ERMA* in a manner consistent with the standards set forth by the California Association of Joint Powers Authorities (CAJPA) for their accreditation program; and
14. Perform whatever functions necessary and within the Administrator's authority to manage the daily activities of *ERMA* and its *Coverage Programs*.

*ERMA* shall compensate the Administrator or his/her employer for services to *ERMA* in such amount and manner as may be fixed from time-to-time by the *Board* or Executive Committee. Details respecting compensation, termination, and other employment related matters pertaining to the Administrator shall be governed by the Bylaws and such terms and conditions as the *Board* or Executive Committee shall set forth in a contract or agreement.

## **ARTICLE XI**

### **COVERAGE PROGRAM**

*ERMA* shall establish a *Coverage Program* in the area of Employment Practices Liability. The *Board* or Executive Committee shall establish the levels of coverage to be offered for the program, determine the financial contributions to be required of participants at each level, and establish procedures for the administration of the program.

## **ARTICLE XII**

### **BUDGET**

On or before June 20 of each year, the *Board* or Executive Committee shall adopt the budget for the next fiscal year.

## **ARTICLE XIII**

### **RECEIPT AND DISBURSEMENT OF FUNDS**

Revenues of *ERMA* shall be received at its principal office. The Treasurer/Auditor shall safeguard and invest funds in accordance with *ERMA*'s investment policy.

The Board of Directors shall establish all bank accounts and authorized signers by resolution. All checks disbursing funds of *ERMA* shall be signed by the appropriate number of officers as established by action of the *Board* or Executive Committee.

A register of all checks issued since the previous *Board* or Executive Committee meeting shall be provided at each subsequent *Board* or Executive Committee meeting for approval.

The Administrator shall be authorized to make all expenditures for goods or services without specific approval, to the extent such funds have been included and approved by adoption of the budget or as previously approved by the *Board* or Executive Committee.

## **ARTICLE XIV**

### **BILLINGS**

#### **A. ANNUAL BILLINGS**

Each year, not later than July 1, *ERMA* shall bill each *Member* for all *Deposit Premiums* for the next *Program Year*. The annual billing shall be due and payable on July 15, and shall be delinquent if not paid on or before the last working day in July.

#### **B. ADDITIONAL BILLINGS**

There may be additional billings in accordance with *ERMA*'s governing documents.

#### **C. INTEREST ON DELINQUENT AMOUNTS PAYABLE**

Interest shall accrue on all delinquent amounts due and payable to *ERMA* at a rate of seven (7) percent per annum unless otherwise approved by the *Board*. The Board shall have the discretion to waive interest due on a delinquent amount but only one time per member every five years.

#### **D. FAILURE TO PAY BILLINGS OR INTEREST**

Failure to pay billings or the accrued interest may result in expulsion of the *Member* from *ERMA* in accordance with the *ERMA Agreement*.

#### **E. DUTIES OF WITHDRAWN OR EXPELLED MEMBERS**

Withdrawn or expelled *Members*, or individual participants of a *Member*, which have formerly participated in a *Coverage Program* shall be required to pay all applicable billings for the *Program*

*Years* in which they participated and such subsequent years for which continuing services are required. Delinquent billings shall be treated in the same manner as set forth above as if the withdrawn or expelled *Member*, or individual participants of a *member*, still participated in a *Coverage Program*.

## **EF. PENALTIES FOR NON-PAYMENT BY FORMER MEMBER**

Failure to pay billings or accrued interest thereon shall constitute breach of the *Agreement* between the former *Member*, or individual participants of a *member*, and *ERMA*. The former *Member* shall be liable for the billings, accrued interest, and all costs incurred by *ERMA* in the enforcement of all provisions set forth in this Document.

## **ARTICLE XV**

### **AUDITS**

#### **A. FINANCIAL AUDIT**

The *Board* or Executive Committee shall cause to be made, by a qualified CPA, an annual audit of the accounts and records of *ERMA*. The minimum requirements of the audit shall be those prescribed by state law.

In accordance with Government Code Section 6505 and within six (6) months of the end of each fiscal year, a copy of the annual audit shall be filed with the State Controller and with the county where *ERMA* conducts its principal operations.

*ERMA* shall bear all costs of the audit. Such costs shall be charged against the operating funds of *ERMA*.



**ARTICLE XVI**  
**NEW MEMBERS**

Any public agency acceptable to the *Board of Directors* or Executive Committee shall be eligible for membership in *ERMA*. A prospective member will submit the information required for application to *ERMA*.

Upon review of a prospective *Member's* application, by the Underwriting Committee, the Administrator will prepare a report that will be presented to the *Board of Directors* or Executive Committee and the prospective *Member* will be invited to attend a meeting of the *Board of Directors* or Executive Committee to respond to questions concerning the application. The affirmative vote of two-thirds of the *Representatives* of the entire *Board of Directors* or Executive Committee is necessary for admission to *ERMA*.

**ARTICLE XVII**  
**EXECUTION OF CONTRACTS**

The *Board* or Executive Committee may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of *ERMA*, and such authorization may be general or confined to specific instances. Unless so authorized by the *Board of Directors* or Executive Committee, no officer, agent or employee shall have any authority to bind *ERMA* by any contract or to pledge its credit or to render it liable for any purpose.

## **ARTICLE XVIII**

### **NOTICES**

Notices to *ERMA* shall be in writing and delivered to the mailing address of *ERMA*. Notices to *Members* shall be in writing and delivered to the appointed *Representative* or mailed to the address of record.

Reportable claims against *Members* shall be forwarded to the mailing address of *ERMA*.

## **ARTICLE XIX**

### **EFFECTIVE DATE**

These Bylaws shall be effective April 18, 2016. The adoption of the Bylaws shall supersede any prior amendments, by resolution or otherwise and to the extent that prior amendments are not included or are contradictory to any provisions contained herein, they are hereby specifically revoked.

## **ARTICLE XX**

### **AMENDMENTS**

These Bylaws may be amended by a majority vote of the entire *Board of Directors* or Executive Committee provided that any amendment is compatible with the purposes of *ERMA*, is not in conflict with the *Agreement*, and has been submitted to the *Board of Directors* or Executive Committee at least thirty (30) days in advance. Any such amendment shall be effective immediately, unless otherwise designated.

**ARTICLE XXI**  
**SEVERABILITY**

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

**ARTICLE XXII**  
**SUBORDINATION**

Should any portion, term, condition or provision of these Bylaws be in conflict with the *Agreement*, the terms of the Bylaws will be subordinate to the *Agreement*.

**ARTICLE XXIII**  
**RECORD RETENTION POLICY**

*ERMA's* records will be retained in accordance with the policy adopted by the *Board* or Executive Committee.

## **APPENDIX "A"**

The principal address of the Employment Risk Management Authority (*ERMA*) for the transaction of business and receipt of all notices shall be:

Employment Risk Management Authority (*ERMA*)

1750 Creekside Oaks Drive, Suite 200

Sacramento, CA 95833

Phone (800) 541-4591 Fax (916) 244-1199

# EXCESS LIABILITY POLICY DECLARATIONS



Corporate Office  
945 E. Paces Ferry Rd.  
Suite 1800  
Atlanta, GA 30326

COMPANY SYMBOL N	POLICY PREFIX & NUMBER HS677144	RENEWAL OF NHS672504
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●THIS IS A CLAIMS MADE POLICY. PLEASE READ IT CAREFULLY.●

THIS POLICY IS ISSUED BY: RSUI Indemnity Company (hereinafter referred to as the Insurer)

**ITEM 1.** INSURED'S NAME AND MAILING ADDRESS

PRODUCER'S NAME AND ADDRESS

EMPLOYMENT RISK MANAGEMENT AUTHORITY (ERMA)  
C/O BICKMORE RISK SERVICES  
1750 CREEKSIDE OAKS DRIVE, SUITE 200  
SACRAMENTO, CA 95833

IN CONSIDERATION OF THE PAYMENT OF THE PREMIUM, IN RELIANCE UPON THE STATEMENTS HEREIN OR ATTACHED HERETO, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, THE INSURER AGREES TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

## ITEM 2. POLICY PERIOD:

FROM 7/1/2018 TO 7/1/2019 12:01 AM Standard Time at the Insured's address as stated herein

**ITEM 3. LIMIT OF LIABILITY:** \$ 2,000,000 (A) Aggregate Limit of Liability each policy period  
\$ 1,000,000 (B) Underlying Limits of Liability

**ITEM 4. PREMIUM:** \$ 298,737.00

**ITEM 5. COVERAGE:** Employment Practices Liability

## ITEM 6. POLICY FORM AND ENDORSEMENTS MADE A PART OF THIS POLICY AT THE TIME OF ISSUE:

SEE RSG 230014 1007 - SUPPLEMENTAL DECLARATIONS - SCHEDULE OF ENDORSEMENTS; RSG 231007 0609 - EXCESS LIABILITY POLICY - 2009

## ITEM 7. FOLLOWED POLICY

<u>Insurer</u>	<u>Policy Number</u>	<u>Limits</u>	<u>Premium</u>
Employment Risk Management Authority	ERMA 20181EPL	\$1,000,000	\$3,174,617.00

## ITEM 8. UNDERLYING INSURANCE

### (A) Primary Policy:

<u>Insurer</u>	<u>Policy Number</u>	<u>Limits</u>	<u>Premium</u>
Employment Risk Management Authority	ERMA 20181EPL	\$1,000,000	\$3,174,617.00

### (B) Underlying Excess Policy(ies):

<u>Insurer</u>	<u>Policy Number</u>	<u>Limits</u>	<u>Premium</u>
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THESE DECLARATIONS TOGETHER WITH THE COMPLETED, SIGNED AND DATED APPLICATION, POLICY FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

Countersigned: \_\_\_\_\_

July 16, 2018

DATE

  
AUTHORIZED REPRESENTATIVE



POLICY NUMBER: NHS677144

SCHEDULE OF ENDORSEMENTS

TITLE	FORM NUMBER
Disclosure Pursuant to Terrorism Risk Insurance Act	RSG 204123 0116
Additional Named Insured	RSG 234031 0210
Cap on Losses From Certified Acts of Terrorism	RSG 204081 0118
Amendatory Endorsement - Claims Made And Reported And Limit Of Liability	
Amended Declarations	
Exclusion - Prior Acts	RSG 206069 1009
Exclusion - Prior and or Pending Litigation Backdated	RSG 236008 0204
Exclusion - Prior and or Pending Litigation Backdated - Higher Limits	RSG 236009 0204
Exclusion - Specific Entities and Individuals	RSG 206095 0115
Three (3) Year Bilateral Discovery Period	

THIS ENDORSEMENT IS ATTACHED TO AND MADE A PART OF THIS POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THIS POLICY.

## DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

### SCHEDULE\*

<b>Terrorism Premium</b>	<b>\$0</b>
<p><b>Additional information, if any, concerning the terrorism premium:</b>  <b>The portion of your premium for the policy term attributable to coverage for all acts of terrorism covered under this policy including terrorist acts certified under the Act is listed above.</b></p>	
<p><small>*Information required to complete this Schedule, if not shown above, will be shown in the Declarations Page.</small></p>	

#### A. Disclosure of Premium

In accordance with the federal Terrorism Risk Insurance Act, as amended, the **Insurer** is required to provide the **Insured** with a notice disclosing the portion of the **Insured's** premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of the **Insured's** premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations Page.

As defined in Section 102(1) of the Act: The term "act of terrorism" means any act or acts that are certified by the Secretary of the Treasury – in consultation with the Secretary of Homeland Security, and the Attorney General of the United States – to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

#### B. Disclosure of Federal Participation in Payment of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. Under the formula, the United States Government generally reimburses 85% through 2015; 84% beginning on January 1, 2016; 83% beginning on January 1, 2017; 82% beginning on January 1, 2018; 81% beginning on January 1, 2019 and 80% beginning on January 1, 2020, of covered terrorism losses that exceeds the applicable **Insurer** retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

#### C. Cap Insurer Participation in Payment of Terrorism Losses

If aggregate **Insured** losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and the **Insurer** has met our **Insurer** deductible under the Terrorism Risk Insurance Act, the **Insurer** will not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case **Insured** losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of Treasury.

**Policy No.:** NHS677144

**Effective:** 7/1/2018

*This Endorsement Changes The Policy. Please Read It Carefully.*

## ADDITIONAL NAMED INSURED

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This endorsement modifies insurance provided under the following:

### EXCESS DIRECTORS AND OFFICERS LIABILITY POLICY EXCESS LIABILITY POLICY

The **Insured's** name, as set forth in Item 1. of the Declarations Page, is amended to include the following:

City of Angels Camp  
 City of Atwater  
 City of Ceres  
 City of Chowchilla  
 City of Corcoran  
 City of Delano  
 City of Dos Palos  
 City of Escalon  
 City of Fowler  
 City of Gustine  
 City of Hughson  
 City of Huron  
 City of Kerman  
 City of Kingsburg  
 City of Lathrop  
 City of Livingston  
 City of Madera  
 City of McFarland  
 City of Merced  
 City of Newman  
 City of Orange Cove  
 City of Parlier  
 City of Porterville  
 City of Reedley  
 City of San Joaquin  
 City of Selma  
 City of Shafter  
 City of Taft  
 City of Wasco  
 City of Riverbank  
 City of Tulare  
 City of Oakdale (added effective 8/1/2012)  
 City of Patterson  
 City of Mendota  
 City of Lemoore  
 City of Sonora  
 City of Tehachapi  
 City of Sanger (added effective 4/18/2016)  
 City of Woodlake (added effective 7/1/2016)  
 City of Dinuba (added effective 7/1/2016)  
 City of Farmersville (added effective 7/1/2016)

Municipal Pooling Authority (MPA)

City of Antioch  
 City of Brentwood  
 City of Clayton



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Town of Danville  
City of El Cerrito  
City of Hercules  
City of Lafayette  
City of Manteca  
City of Martinez  
Town of Moraga  
City of Oakley  
City of Orinda  
City of Pacifica  
City of Pinole  
City of Pittsburg  
City of Pleasant Hill  
City of San Pablo  
City of San Ramon  
City of Walnut Creek

Vector Control Joint Powers Agency (VCJPA)

Alameda County Mosquito Abatement District  
Burney Basin Mosquito Abatement District  
Butte County Mosquito and Vector Control District  
Coachella Valley Mosquito and Vector Control District  
Colusa Mosquito Abatement District  
Compton Creek Mosquito Abatement District  
Consolidated Mosquito Abatement District  
Contra Costa Mosquito and Vector Control District  
Delta Vector Control District  
Durham Mosquito Abatement District  
Fresno Mosquito and Vector Control District  
Glenn County Mosquito and Vector Control District  
Greater Los Angeles County Vector Control District  
Kings Mosquito Abatement District  
Lake County Vector Control District  
Los Angeles County West Vector Control District  
Marin-Sonoma Mosquito and Vector Control District  
Mosquito and Vector Management District of Santa Barbara County  
Napa County Mosquito Abatement District  
Northwest Mosquito and Vector Control District  
Orange County Vector Control District  
Oroville Mosquito Abatement District  
Placer Mosquito Abatement District  
Sacramento-Yolo Mosquito and Vector Control District  
San Gabriel Valley Mosquito and Vector Control District  
San Joaquin County Mosquito and Vector Control District  
San Mateo County Mosquito and Vector Control District  
Shasta Mosquito and Vector Control District  
Sutter-Yuba Mosquito and Vector Control District  
Tehama County Mosquito and Vector Control District  
Turlock Mosquito Abatement District  
West Valley Mosquito and Vector Control District

Oakland Housing Authority

Housing Authority of the County of Contra Costa

Monterey Bay Area Self Insurance Authority (MBASIA)

City of Capitola  
City of Del Rey Oaks

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City of Gonzales  
City of Greenfield  
City of Hollister  
King City  
City of Marina  
Sand City  
City of Scotts Valley  
City of Soledad

California Transit Indemnity Pool (CalTIP)

Livermore Amador Valley Transit Authority  
Mendocino Transit Authority  
San Luis Obispo Regional Transit Authority  
South County Area Transit  
Tahoe Transportation District  
Yolo County Transportation District

The above addition shall not serve to increase the Limit of Liability, as set forth in Item 3.(A) of the Declarations Page.

All other terms and conditions of this policy remain unchanged.

*This Endorsement Changes The Policy. Please Read It Carefully.*

## **CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM**

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This endorsement modifies insurance provided under the following:

**DIRECTORS AND OFFICERS LIABILITY POLICY - PUBLIC COMPANY  
EXCESS DIRECTORS AND OFFICERS LIABILITY POLICY  
EXCESS LIABILITY POLICY**

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and the **Insurer** has met our insurer deductible under the Terrorism Risk Insurance Act, the **Insurer** shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

**Certified Act of Terrorism** means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a **Certified Act of Terrorism** include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Policy, such as losses excluded by the Nuclear Exclusion.

All other terms and conditions of this policy remain unchanged.

**Policy No.:** NHS677144      **Effective:** 7/1/2018

RSG 204081 0118

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*This Endorsement Changes The Policy. Please Read It Carefully.*

## AMENDATORY ENDORSEMENT – CLAIMS MADE AND REPORTED AND LIMIT OF LIABILITY

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This endorsement modifies insurance provided under the following:

### EXCESS LIABILITY POLICY

SECTION II, Definitions, shall be deleted in its entirety and replaced by the following:

#### II. DEFINITIONS

- A. **Followed Policy** means the policy indicated in Item 7. of the Declarations page.
- B. **Insured** means any natural person or entity designated as a *Covered Party* in the **Underlying Insurance** or any group or series of such *Covered Parties*.
- C. **Policy Period** means the period beginning at the inception date and ending at the expiration date stated in Item 2. of the Declarations Page or any earlier cancellation or termination date.
- D. **Underlying Insurance** means the **Primary Policy** and/or **Followed Policy** and **Underlying Excess Policy(ies)** listed in Item 8. of the Declarations page.
- E. The term **Wrongful Act** shall mean *Wrongful Employment Practice*, as defined in the **Followed Policy**; the term **Loss** shall mean *Ultimate Net Loss* as defined in the **Followed Policy**; and the term **Claim** shall have the same meaning as defined in the **Followed Policy**.
- F. The term Limit of Liability shall mean a single, aggregate Limit of Liability as listed in Item 3 (A) of the Declarations Page.

SECTION V, Claim and Other Notices, shall be deleted in its entirety and replaced by the following:

#### V. CLAIM AND OTHER NOTICES

The Insurer shall be given notice in writing as soon as practicable: (a) in the event of cancellation or non-renewal of any **Underlying Insurance**; and (b) of any additional or return premiums assessed in connection with any **Underlying Insurance**. Any changes in policy provisions in the **Underlying Insurance** or any changes in the **Insured** that would require notice under the **Underlying Insurance** shall be reported to the Insurer in writing as soon as practicable, provided always that the Insurer shall not be bound by any such changes without its consent.

Notwithstanding notice conditions in the **Underlying Insurance**, it is a condition precedent to any coverage under this Policy that written notice of occurrences, or **Claims** made against any **Insured** during the **Policy Period**, be provided to the Insurer as soon as practicable when the **Insured's** General Manager has determined that such **Claim** or occurrence is reasonably likely to result in indemnity or defense exposure in any amount greater than \$250,000. The **Insured** will provide written notice to the **Insurer** (via certified mail at the address shown on the Declarations Page or via fax or email as shown on the Declarations), of such **Claims** or occurrences, along with the full particulars described below, and any **Claim** subsequently made against any **Insured** arising out of such an occurrence will be deemed first made during the **Policy Period**. The written notice shall include, at a minimum:

- a. The names or identity of the potential claimants and a detailed description of the specific alleged **Wrongful Act**; and
- b. The circumstances by which the **Insured** first became aware of the specific alleged **Wrongful Act**.

It is a condition precedent to any coverage under this Policy that the **Insured** will also provide, within sixty (60) days following the end of the **Policy Period**, a "loss run" containing the names of all claimants, allegations, status of claims, defense expenses incurred and indemnity paid (and/or reserves for payment) as of that date for all **Claims**, regardless of reasonably estimable indemnity and defense exposure.

There is no coverage for **Claims** first made outside of the **Policy Period** except where there is valid notice of occurrence prior to the making of such **Claim** as described in this endorsement.

Notice of any **Claim** or occurrence that arises from any **Wrongful Act** or series of related **Wrongful Acts** that first occurred prior to July 1, 2010 shall not be accepted as valid under this Policy.

All other terms and conditions of this policy remain unchanged.

*This Endorsement Changes The Policy. Please Read It Carefully.*

## **AMENDED DECLARATIONS**

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This endorsement modifies insurance provided under the following:

### **EXCESS LIABILITY POLICY**

Item 3A. Limit of Liability of the Declarations Page is amended to read as follows:

\$2,000,000	Each Claim Each Member
\$4,000,000	Aggregate Each Member
\$10,000,000	Policy Aggregate Limit of Liability Each Policy Period

All other terms and conditions of this policy remain unchanged.

*This Endorsement Changes The Policy. Please Read It Carefully.*

## **EXCLUSION – PRIOR ACTS**

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This endorsement modifies insurance provided under the following:

**DIRECTORS AND OFFICERS LIABILITY POLICY - NOT FOR PROFIT ORGANIZATION**  
**DIRECTORS AND OFFICERS LIABILITY POLICY - PRIVATE COMPANY**  
**DIRECTORS AND OFFICERS LIABILITY POLICY - PUBLIC COMPANY**  
**EXCESS DIRECTORS AND OFFICERS LIABILITY POLICY**  
**EXCESS LIABILITY POLICY**

The **Insurer** shall not be liable to make any payment for **Loss** in connection with any **Claim** made against any **Insured** that alleges, arises out of, is based upon or attributable to, directly or indirectly, in whole or in part, any actual or alleged **Wrongful Acts** which first occurred prior to July 1, 2010; July 1, 2011 for Monterey Bay (MBASIA); July 1, 2013 for City of Patterson, City of Mendota, City of Lemoore, City of Sonora and City of Tehachapi; April 18, 2016 for City of Sanger; July 1, 2016 for City of Woodlake, City of Dinuba and City of Farmersville; July 1, 2017 for California Transit Indemnity Pool (CalTIP).

All other terms and conditions of this policy remain unchanged.

*This Endorsement Changes The Policy. Please Read It Carefully.*

## **EXCLUSION – PRIOR AND/OR PENDING LITIGATION BACKDATED**

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This endorsement modifies insurance provided under the following:

**EXCESS DIRECTORS AND OFFICERS LIABILITY POLICY  
EXCESS LIABILITY POLICY**

The **Insurer** shall not be liable to make any payment for loss in connection with any claim made against any **Insured** alleging, arising out of, based upon or attributable to, in whole or in part, any litigation involving any **Insured** that was commenced or initiated prior to, or pending as of July 1, 2010; July 1, 2011 for Monterey Bay (MBASIA); July 1, 2013 for City of Patterson, City of Mendota, City of Lemoore, City of Sonora and City of Tehachapi; April 18, 2016 for City of Sanger; July 1, 2016 for City of Woodlake, City of Dinuba and City of Farmersville; July 1, 2017 for California Transit Indemnity Pool (CalTIP)., or arising out of or based upon, in whole or in part, any facts or circumstances underlying or alleged in any such prior or pending litigation.

All other terms and conditions of this policy remain unchanged.



*This Endorsement Changes The Policy. Please Read It Carefully.*

## **EXCLUSION - PRIOR AND/OR PENDING LITIGATION BACKDATED (HIGHER LIMITS)**

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This endorsement modifies insurance provided under the following:

### **EXCESS DIRECTORS AND OFFICERS LIABILITY POLICY EXCESS LIABILITY POLICY**

The **Insurer** shall not be liable to make any payment for loss in connection with any claim made against any **Insured** alleging, arising out of, based upon or attributable to, in whole or in part, any litigation involving any **Insured** that was commenced or initiated prior to, or pending as of July 1, 2010; July 1, 2011 for Monterey Bay (MBASIA); July 1, 2013 for City of Patterson, City of Mendota, City of Lemoore, City of Sonora and City of Tehachapi; April 18, 2016 for City of Sanger; July 1, 2016 for City of Woodlake, City of Dinuba and City of Farmersville; July 1, 2017 for California Transit Indemnity Pool (CalTIP), or arising out of or based upon, in whole or in part, any facts or circumstances underlying or alleged in any such prior or pending litigation.

With respect to the portion of the Limit of Liability that is \$1,000,000 excess \$1,000,000, the **Insurer** shall not be liable to make any payment for loss arising out of or in connection with any claim made against any **Insured** arising out of, based upon or attributable to, in whole or in part, litigation prior to or pending as of July 1, 2018.

All other terms and conditions of this policy remain unchanged.

*This Endorsement Changes The Policy. Please Read It Carefully.*

## **EXCLUSION - SPECIFIC ENTITIES AND INDIVIDUALS**

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This endorsement modifies insurance provided under the following:

**DIRECTORS AND OFFICERS LIABILITY POLICY - NOT FOR PROFIT ORGANIZATION**  
**DIRECTORS AND OFFICERS LIABILITY POLICY - PRIVATE COMPANY**  
**DIRECTORS AND OFFICERS LIABILITY POLICY - PUBLIC COMPANY**  
**EXCESS DIRECTORS AND OFFICERS LIABILITY POLICY**  
**EXCESS LIABILITY POLICY**

The **Insurer** shall not be liable to make any payment for **Loss** arising out of or in connection with any **Claim** made against any **Insured** which is brought by or on behalf of the following entities or individuals:

1. Bay Cities Joint Powers Insurance Authority (BCJPIA) and Members
2. Public Entity Risk Management Authority (PERMA) and Members
3. Public Agency Risk Sharing Authority of California (PARSAC) and Members
4. Small Cities Organized Risk Effort (SCORE) and Members

including, but not limited to any **Claim** brought by any director, officer, heir, trustee or partner of the entity, or by any security holder thereof, whether such **Claim** is brought directly or derivatively.

All other terms and conditions of this policy remain unchanged.

*This Endorsement Changes The Policy. Please Read It Carefully.*

## THREE (3) YEAR BILATERAL DISCOVERY PERIOD

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This endorsement modifies insurance provided under the following:

### EXCESS LIABILITY POLICY

If the **Insurer** shall refuse to renew this policy or the **Insured Organization** shall cancel or refuse to renew this policy, the **Insured Organization** shall have the right, upon payment of one hundred percent (100%) of the Full Annual Premium, to a period of three hundred and sixty five (365) days following the effective date of such cancellation or non-renewal (herein referred to as the "Discovery Period") in which to give written notice to the **Insurer** of any **Claim** first made against the **Insured** during said three hundred and sixty five (365) day period for any **Wrongful Act** occurring prior to the end of the **Policy Period** and otherwise covered by this policy. As used herein, "Full Annual Premium" means the premium stated in Item 4. of the Declarations Page and any additional premium(s) charged during the **Policy Period**.

Alternatively, the **Insured Organization** shall have the right to elect a Discovery Period greater than the three hundred and sixty five (365) Days referenced above. The following alternative Discovery Period options are as follows:

<u>Discovery Period</u>	<u>Additional Premium</u>
730 Days	<u>150%</u> of Full Annual Premium
1,095 Days	<u>175%</u> of Full Annual Premium

The rights contained in this clause shall terminate unless written notice of such election together with the additional premium due is received by the **Insurer** at the address shown on the Declarations Page within thirty (30) days of the effective date of cancellation or non-renewal.

The Discovery Period is not cancelable and the additional premium charged shall be fully earned at the inception of the Discovery Period. The Limit of Liability available under the Discovery Period is part of and not in addition to the Limit of Liability stated in Item 3 (A) of the Declarations Page.

The rights contained in this clause shall not apply in the event of cancellation resulting from non-payment of premium.

All other terms and conditions of this policy remain unchanged.



**RSUI Indemnity Company**

**Corporate Office**  
945 East Paces Ferry Rd.  
Atlanta, GA 30326-1160

## **EXCESS LIABILITY POLICY**

**NOTICE:** THIS IS A **CLAIMS** MADE AND REPORTED POLICY THAT APPLIES ONLY TO THOSE **CLAIMS** FIRST MADE AGAINST THE **INSURED** DURING THE **POLICY PERIOD** AND REPORTED TO THE INSURER DURING THE **POLICY PERIOD**. THE LIMIT OF LIABILITY AVAILABLE TO PAY **LOSS** MAY BE REDUCED OR TOTALLY EXHAUSTED BY PAYMENT OF DEFENSE EXPENSES. PLEASE REFER TO THE **FOLLOWED POLICY** FOR MORE INFORMATION.

**PLEASE READ YOUR POLICY CAREFULLY**

### **CLAIM NOTICE**

**Mail notices to:** RSUI Group, Inc.  
945 East Paces Ferry Rd.  
Suite 1800  
Atlanta, GA 30326-1160

**Fax notices to:** (404) 231-3755  
Attn: Claims Department

**E-mail notices to:** [reportclaims@rsui.com](mailto:reportclaims@rsui.com)

A member of Alleghany Insurance Holdings LLC

Words and phrases that appear in **bold** text have special meaning. Refer to SECTION II. - DEFINITIONS.

#### I. INSURING AGREEMENT

The Insurer designated on the Declarations Page, in consideration of the payment of the premium and in reliance upon all applications, documents and information provided or made available to it by or on behalf of the **Insured**, and subject to all of the terms, conditions and other provisions of this policy, including endorsements hereto, agrees with the **Insured** that the Insurer shall provide the **Insured** with insurance during the **Policy Period** which is in excess of the total limits of liability and any retention or deductible amounts under the **Underlying Insurance**, as set forth in Item 8. of the Declarations Page, and shall pay **Loss** arising from a **Claim** for a **Wrongful Act** first made during the **Policy Period**.

#### II. DEFINITIONS

- A. **Followed Policy** means the policy indicated in Item 7. of the Declarations page.
- B. **Insured** means any natural person or entity designated as such in the **Underlying Insurance**.
- C. **Policy Period** means the period beginning at the inception date and ending at the expiration date stated in Item 2. of the Declarations Page or any earlier cancellation or termination date.
- D. **Underlying Insurance** means the **Primary Policy** and **Underlying Excess Policy(ies)** listed in Item 8. of the Declarations page.
- E. The terms **Wrongful Act**, **Loss** and **Claim** shall each have the same meaning as defined in the **Primary Policy**.

#### III. LIMIT OF LIABILITY AND PAYMENTS UNDER UNDERLYING INSURANCE

- A. The Insurer shall be liable to pay **Loss** only after any combination of the **Insured** and all Insurers that issued the **Underlying Insurance** shall have paid the full amount of the limits provided by the **Underlying Insurance**. The Insurer shall then be liable to pay only such additional amount up to the Limit of Liability set forth in Item 3. (A) of the Declarations Page.
- B. Any **Claim**, **Loss** or coverage that is subject to any Sublimit shall not be considered a covered **Loss** under this policy, but shall, for purposes of this policy's attachment, be deemed to have reduced or exhausted the **Underlying Insurance** limits.
- C. In the event of the reduction or exhaustion of the aggregate limits of liability in the **Underlying Insurance** by reason of **Loss** paid thereunder for **Claim(s)** first made during the **Policy Period**, this policy shall (1) in the event of reduction, continue in force in excess of the remaining amount of **Underlying Insurance**; or (2) in the event of total exhaustion, continue in force as would the **Followed Policy**, subject to all terms, conditions and other provisions of this policy, including endorsements hereto; provided that in the event of this policy becoming primary insurance, it shall only pay excess of the retention or deductible amount, if any, that would be applicable in the absence of **Underlying Insurance** exhaustion, which retention or deductible amount shall be applied to any subsequent **Loss**. Notice of reduction or exhaustion of any limits of liability within the **Underlying Insurance** shall be given to the Insurer promptly upon such reduction or exhaustion. Nothing herein shall be construed to provide for any duty on the part of the Insurer to defend any **Insured** or to pay defense costs or any other part of **Loss** in addition to the Limit of Liability set forth in Item 3. (A) of the Declarations Page.

#### IV. MAINTENANCE OF UNDERLYING INSURANCE

- A. This policy is subject to the same terms, conditions, other provisions and endorsements (except as regards the premium, the amount and limits of liability, and duty to defend, and except as otherwise provided herein) as are contained in the **Followed Policy** as such policy has been represented to the Insurer to be issued, or as may be added at a later time to restrict coverage. Any changes made to such **Followed Policy** to expand or broaden it shall be effective as part of this policy solely where accepted in writing by the Insurer.
- B. The **Underlying Insurance** shall be maintained in full effect while this policy is in force, except for any reduction of the aggregate limits contained therein (as provided for in Section III. C. above), and such maintenance shall be a condition precedent to the attachment of any liability of the Insurer under this policy. To the extent that any **Underlying Insurance** is not maintained in full effect while this policy is in force, the **Insured** shall be deemed to be self-insured for the amount of the **Underlying Insurance** limit(s) that is not maintained.
- C. The Insurer's obligation under this policy shall not be increased, expanded or otherwise modified or changed as a result of the receivership, insolvency, inability or refusal to pay any **Underlying Insurance**. It is agreed that the Insurer shall not pay any amount until all retentions and all **Underlying Insurance** limits have actually been paid by any combination of the **Insured** and all Insurers constituting the **Underlying Insurance**.

#### V. CLAIM AND OTHER NOTICES

The Insurer shall be given notice in writing as soon as practicable: (a) in the event of cancellation or non-renewal of any **Underlying Insurance**; and (b) of any additional or return premiums assessed in connection with any **Underlying Insurance**. Any changes in policy provisions in the **Underlying Insurance** or any changes in the **Insured** that would require notice under the **Underlying Insurance** shall be reported to the Insurer in writing as soon as practicable, provided always that the Insurer shall not be bound by any such changes without its consent.

Written notice of **Claim** made against any **Insured** or any circumstances or matters that might later result in a **Claim** shall be given to the Insurer in the same manner and at the same time as given to the **Followed Policy**.

**In Witness Whereof**, the Insurer has caused this policy to be executed and attested, but this policy shall not be valid unless countersigned on the Declarations Page by a duly authorized agent of the Insurer.

A handwritten signature in black ink, appearing to read "Ron Hulse", with a long horizontal flourish extending to the right.

Secretary

A handwritten signature in black ink, appearing to read "Gug Buonscore", with a long horizontal flourish extending to the right.

President



## Alliant Insurance Services, Inc.

Newport Beach - Alliant Insurance Services, Inc.  
1301 Dove Street, Ste. 200  
Newport Beach  
CA 92660-2436  
Phone: (949) 756-0271

Employment Risk Management Authority  
c/o Bickmore Risk Services  
1750 Creekside Oaks Dr Ste 200  
Sacramento, CA 95833

<b>Invoice #</b> 862189	Page 1 of 1
ACCOUNT NUMBER	DATE
EMPLRIS-01	6/20/2018
BALANCE DUE ON	AGENCY CODE
7/24/2018	200
AMOUNT PAID	AMOUNT DUE
	\$298,737.00

Client:	Employment Risk Management Authority (ERMA)	Policy:	Employment Practices Liability
Policy Number:	NHS677144	Effective:	7/1/2018 to 7/1/2019
Insurance Carrier:	RSUI Indemnity Company		

Item #	Trans Eff Date	Due Date	Trans	Description	Amount
3251336	7/1/2018	7/24/2018	RENB	Excess EPL Premium	\$298,737.00
<b>Total Invoice Balance:</b>					\$298,737.00

**Standard Mail Remittance Address:**

Alliant Insurance Services, Inc. - NPB Main  
P.O. Box 8473  
Pasadena, CA 91109-8473

**Overnight/Courier Remittance Address:**

Alliant Insurance Services, Inc. - Lockbox # 8473 - NPB Main  
Comerica Bank  
5th Floor  
2321 Rosecrans Avenue  
El Segundo, CA 90245

**IMPORTANT NOTICE:** The Nonadmitted & Reinsurance reform act (NRRA) went into effect July 21, 2011. Accordingly, surplus lines tax rates and regulations are subject to change which could result in an increase or decrease of the total surplus lines taxes and/or fees owed on this placement. If a change is required, we will promptly notify you. Any additional taxes and/or fees owed must be promptly remitted to Alliant Insurance Services, Inc.

**IMPORTANT NOTICE:** The Foreign Account Tax Compliance Act (FATCA) requires the notification of certain financial accounts to the United States Internal Revenue Service. Alliant does not provide tax advice. Please contact your tax consultant for your obligations regarding FATCA.

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income Alliant may earn on a placement, are available at [www.alliant.com](http://www.alliant.com). For a copy of our policy or for inquiries regarding compensation issues pertaining to your account contact: Alliant Insurance Services, Inc., Attn: General Counsel, 701 B St., 6th Floor, San Diego, CA 92101

**CLAIMS MATTERS**

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

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**BACKGROUND AND STATUS:**

The confidential Litigation Manager's Report will be 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.

<b>Claim</b>	<b>Litigation Manager's Report Pg. #</b>
De La Torre, Romano; Gutierrez, Apolonio; Peltier, Steven; Tisdale, Amber; Watkins, Gregory v. City of Adelanto	Page 29
Carter, Margaret; Riley, Anthony v. City of Barstow	Page 112
Buera, Michael v. City of Manteca	Page 83
Cardenas, Patricia v. City of Rancho Cucamonga	Page 95

**RECOMMENDATION:**

*None.*

**REFERENCE MATERIALS ATTACHED:**

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



**ERMA**  
**BOARD OF DIRECTORS MEETING**  
**November 5, 2018**

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**COVERAGE MATTERS**

**SUBJECT: Discussion Regarding the City of Adelanto's (PERMA) Termination of Participation as a Member of ERMA**

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**BACKGROUND AND STATUS:**

Annually, staff conducts an analysis of target ratio calculations based upon each member's loss history. As a result of the City of Adelanto's (PERMA) loss history for the 2015/16 Program Year, as of June 30, 2017, the City significantly exceeded the maximums allowed for the three parameters tracked by ERMA; claim severity, claim frequency and loss ratio. In cases such as this, risk assessments are recommended in order to identify the cause of a member's poor loss history and provide assistance to improve overall performance. At the November 6, 2017, Board of Directors meeting, Ms. Kathy Maylin, Litigation Manager, was directed to conduct a risk assessment for the City and provide a report to the Board at the June 2018 meeting.

Following is a timeline of events related to the City of Adelanto's risk assessment:

EVENT	DATE	NOTES
Board of Directors approved targeted risk assessment recommendation	November 6, 2017	
Kathy Maylin begins risk assessment process.	December 6, 2017	On-site visit and additional follow up in-person and telephonic meetings.
Specialized City Council Training per risk assessment (Gerry Preciado).	December 19, 2017	Training did not take place as scheduled due to lack of quorum for Council meeting.
Specialized City Council Training per risk assessment (Gerry Preciado).	January 24, 2018	Completed.
Correspondence to City Attorney, Ruben Duran re: risk assessment and requests for compliance with pending claim matters.	January 30, 2018	City complied with requests re: pending claim matters.
Correspondence to City Attorney, Ruben Duran re: notice of Board's review of Adelanto's SIR, effective July 1, 2018.	March 8, 2018	
Correspondence to City Attorney, Ruben Duran re: Board approval of an SIR increase to \$250k, effective July 1, 2018 and notice of Board's review of City's continued ERMA participation at November 5, 2018 meeting.	May 1, 2018	
Board consideration re: Adelanto Termination of Participation in ERMA.	November 5, 2018	

**Agenda Item 7.A., Page 1 of 2**

**ERMA**  
**BOARD OF DIRECTORS MEETING**  
**November 5, 2018**

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In accordance with the Master Program Document for the Pooled Employment Practices Liability Program, Article V. Participation, Section D. 1.,:

*“A Member in one Program Year shall participate in the next Program Year unless, at least six months before the commencement of the next Program Year:*

*(b) a written termination notice from the Executive Committee or Board of Directors has been sent to the Member.*

Staff will present and discuss options with the Board regarding the City of Adelanto’s continued participation in ERMA.

**RECOMMENDATION:**

*Staff recommends the Board of Directors provide direction as necessary.*

**FINANCIAL MATTERS**

**SUBJECT: Draft Audited Financial Statements for the Fiscal Year Ended June 30, 2018**

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**BACKGROUND AND STATUS:**

Attached are the draft Audited Financial Statements for the Fiscal Year Ended June 30, 2018. The audit was conducted by Ms. Allison Gregg of Sampson, Sampson & Patterson, LLP. MsGregg will participate telephonically to discuss the report and answer questions from the Board.

**RECOMMENDATION:**

*Staff recommends the Board of Directors accept and file the ERMA Audited Financial Statements for the Fiscal Year Ended June 30, 2018.*

**REFERENCE MATERIALS ATTACHED:**

- Letter to the Governing Board from Sampson, Sampson & Patterson, November 5, 2018
- Draft Audited Financial Statements for the Fiscal Year Ended June 30, 2018

November 5, 2018

To the Governing Board  
Employment Risk Management Authority  
Sacramento, California

We have audited the financial statements of Employment Risk Management Authority (ERMA) for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 19, 2018. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Matters

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by ERMA are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2018. We noted no transactions entered into by ERMA during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

The financial statements are neutral, consistent, and clear.

##### *Difficulties Encountered in Performing the Audit*

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

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material either individually or in the aggregate, to each opinion units financial statements taken as a whole.

### *Disagreements with Management*

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

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 5, 2018.

### *Management Consultations with Other Independent Accountants*

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

### *Other Audit Findings or Issues*

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

### Other Matters

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

Employment Risk Management Authority  
November 5, 2018  
Page 3

Restriction on Use

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

Very truly yours,

***Sampson, Sampson & Patterson, LLP***

DRAFT  
10/17/18

EMPLOYMENT RISK MANAGEMENT AUTHORITY

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REPORT ON AUDITED  
FINANCIAL STATEMENTS  
AND  
REQUIRED SUPPLEMENTARY INFORMATION

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YEAR ENDED JUNE 30, 2018

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## INDEPENDENT AUDITOR'S REPORT

Governing Board  
Employment Risk Management Authority  
Sacramento, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Employment Risk Management Authority (ERMA) as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise ERMA's basic financial statements as listed in the table of contents. The prior year comparative information has been derived from the financial statements of ERMA for the year ended June 30, 2017, and in our report dated October 25, 2017, we expressed an unmodified opinion on those financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

DRAFT  
10/17/18

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of ERMA as of June 30, 2018, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's office and state regulations governing special districts.

## **Other Matters**

### *Required Supplementary Information*

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

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated , 2018 on our consideration of ERMA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ERMA's internal control over financial reporting and compliance.

Clovis, California  
, 2018

# EMPLOYMENT RISK MANAGEMENT AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

DRAFT  
10/17/18

The management of the Employment Risk Management Authority (ERMA) is pleased to present the following discussion and analysis of the operating results, financial condition, and liquidity of ERMA for the fiscal year ended June 30, 2018. This discussion should be read in conjunction with the financial statements and notes to the financial statements included with this report.

### Overall Program Highlights

ERMA is a public entity joint powers authority (JPA), created in 1999 by and among various underlying joint powers authorities in California to provide the state's only pooled approach to exclusively covering and providing loss prevention and litigation management services for the employment practices liability (EPL) exposure for California public entities. On June 30, 2018, ERMA consisted of twelve primary members, comprising ten joint powers authorities: Bay Cities Joint Powers Insurance Authority (BCJPIA), California Transit Indemnity Pool (CalTIP) – which joined the pool on July 1, 2017, Central San Joaquin Valley Risk Management Authority (CSJVRMA), Exclusive Risk Management Authority of California (ERMAC), Monterey Bay Area Self Insurance Authority (MBASIA), Municipal Pooling Authority (MPA), Public Agency Risk Sharing Authority of California (PARSAC), Public Entity Risk Management Authority (PERMA), Small Cities Organized Risk Effort (SCORE), and Vector Control Joint Powers Authority (VCJPA), and two housing authorities: Oakland Housing Authority, and Contra Costa County Housing Authority.

The JPAs' underlying members are also direct members of ERMA and are made up of municipalities and special districts. ERMA provides coverage from each underlying member's individual SIR (self-insured retention) up to \$1.0 million. Members currently attach to the pool at SIRs ranging from \$25,000 to \$500,000. Optional excess insurance to \$2.0 million was available in the 2017/18 program year for those members who choose to purchase that additional coverage through ERMA.

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

EPL remains a challenging coverage due to the evolution of employment law. The training of supervisors and managers is vital to effective claims management. ERMA provides members with a toll-free reporting service and web-based training. In addition, live training is provided for ERMA's members on a rotating annual basis. ERMA's two primary attorney firm partners also offer regional topical training for those members who wish to participate.

ERMA is a member of the California Association of Joint Powers Authorities (CAJPA) and has received accreditation through that body for sixteen years. The accreditation process involves an in-depth review of a JPA's operations, financial stability, performance, and overall management effectiveness. Every three years the accreditation process is repeated, and in August, 2011, ERMA received the distinguished designation of "Accreditation with Excellence". This is the highest level of accreditation offered by CAJPA and places ERMA among the elite of accredited JPAs in California.

EMPLOYMENT RISK MANAGEMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

DRAFT  
10/17/18

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**2017/2018 Program Highlights**

- **Membership Changes:** During 2017/2018, ERMA's Board of Directors accepted two new underlying members, as well as a new JPA, CalTIP. Ten of CalTIP's thirty-four members elected to join ERMA at this time. For 2018/2019, one new underlying member was accepted as of July 1, 2018.
- **Administration**
  - ❖ Successfully negotiated a five-year renewal contract for Administration, Litigation Management, and Financial Services with Bickmore.
  - ❖ Joined the Association of Governmental Risk Pools (AGRiP), a national association, as a member. As part of the ongoing process of exploring expansion of the program and services, membership with a national organization provides enhanced resources.
  - ❖ Launched a newly re-designed ERMA website, providing members with the ability to access secure documents, file claims electronically, and more.
- **Dividend Release:** In May, 2018, the Board of Directors approved ERMA's sixth dividend to its membership since the program began on July 1, 1999. The dividend was released in the amount of \$3,000,000 for program years 2009/2010 through 2011/2012, although equity in the amount of \$5,244,000 was available to be released at the 90% confidence level. As per the pool's Financial Stability Plan, ERMA's five most current years were not adjusted.
- **Capital Contribution Fund:** In conjunction with the dividend release in May, 2018, \$150,000 was withheld from the cash payments released to members and was deposited in the Capital Contribution Fund (Fund) to continue to fund policy review initiatives established by the Training Ad Hoc Committee. The three prior years saw contributions to the Fund in the amounts of \$300,000, \$400,000, and \$150,000 respectively. This year's contribution brings the total contribution to the Fund over the last four years to the \$1 million target threshold.
- **Training Program:**
  - ❖ In January 2018, ERMA members completed Phase I of the Board implemented member policy review and targeted training initiative. The results of the policy reviews aid in the future development of targeted training for identified areas of weaknesses within member's personnel policies and regulations.
  - ❖ Continued oversight of the Training Program, including scheduling of approximately fifty (50) live, AB 1825-compliant and other employment-related trainings throughout the State.

# EMPLOYMENT RISK MANAGEMENT AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

DRAFT  
10/17/18

### Financial Highlights for the Fiscal Year Ended June 30, 2018

Revenues	\$7.1 million	Total Revenue increased 7.8% over the prior year. Operating revenue increased 7.7% due to an increase in deposit premiums, and non-operating income increased 11.6%.
Expenses	\$8.4 million	Increased \$1.1 million over the prior year, or 14.4%, due to the increase in claims expense of \$801,000, and an increase of \$223,000 in the utilization of Capital Contribution Funds.
Assets	\$25.1 million	Decreased \$628,000, or 2.4%, due to the retention of cash as each year is funded in advance but paid out over a period of time, offset by an increase in the cash used for payment of claims and Capital Fund expenditures, and cash used in payment of a dividend release.
Liabilities	\$12.6 million	Increased \$715,000, or 6.0%, due to a commensurate increase in actuarial reserve projections.

### Description of the Basic Financial Statements

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

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

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

The **Statement of Cash Flows** presents the changes in ERMA's cash and cash equivalents during the fiscal year. The statement identifies the sources and uses of ERMA's cash and cash equivalents into operating, capital and related financing, and investing categories.

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

# EMPLOYMENT RISK MANAGEMENT AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Following the basic financial statements and footnotes is the **required supplementary information**, which provides further detail on claims activities.

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

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

### Analysis of Overall Financial Position and Results of Operations

ERMA Statement of Net Position			
	June 30, 2018	June 30, 2017	Percentage Change
Current Assets	\$5,665,000	\$5,103,238	11.0%
Long-term Investments	19,471,193	20,660,832	-5.8%
Total Assets	<u>\$25,136,193</u>	<u>\$25,764,070</u>	<u>-2.4%</u>
Current Liabilities	\$3,773,139	\$3,420,552	10.3%
Non-current Claims Liabilities	8,845,816	8,483,292	4.3%
Total Liabilities	12,618,955	11,903,844	6.0%
Net Position	<u>\$12,517,238</u>	<u>\$13,860,226</u>	<u>-9.7%</u>

### Pool Assets

Total assets decreased by \$628,000, or 2.4% from the prior year, due to cash dividend payments in the net amount of \$2.8 million and the retention of cash as each year is funded in advance but paid out over a period of time. In addition, claims payments increased by \$704,000 over the prior year and Capital Fund expenditures increased by \$223,000.

ERMA maintains liquid funds not immediately needed for the payment of claims and administrative expenses, approximately \$927,000 at June 30, 2018, in the Local Agency Investment Fund (LAIF), that is administered by the State Treasurer's Office. As cash dividends were paid before the end of the year, the LAIF fund was depleted below its typical higher balance at year end.

# EMPLOYMENT RISK MANAGEMENT AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

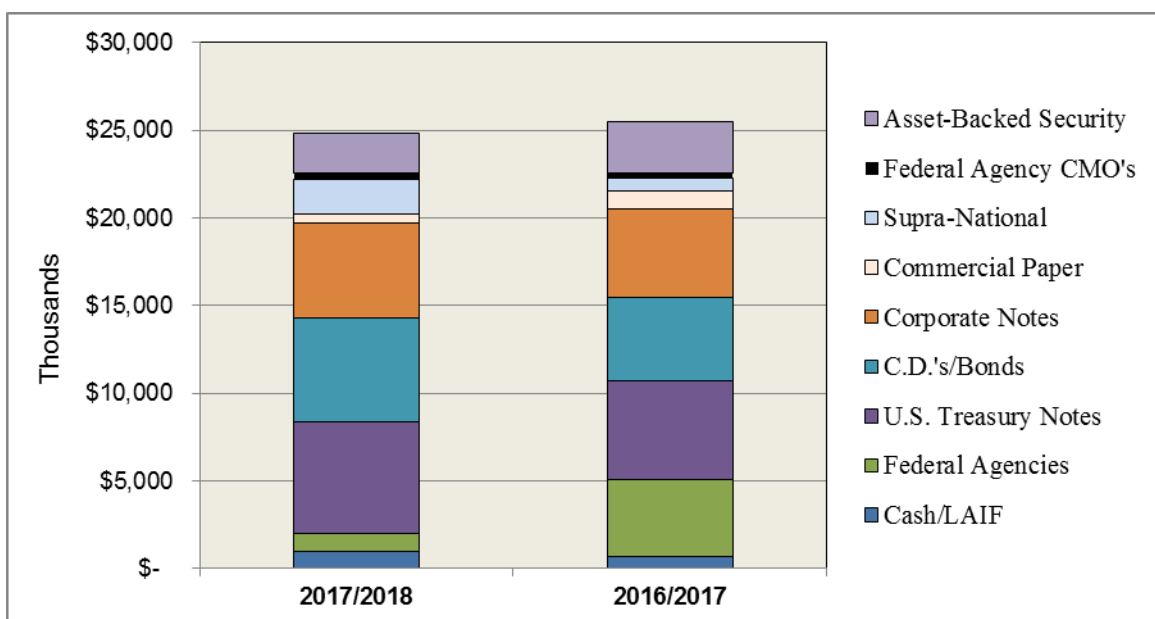
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ERMA's excess funds have been invested in the California Asset Management Program Trust (CAMP), a joint powers authority managed by PFM Asset Management, LLC (PFM) since August, 2008. Custodial services are provided by U.S. Bank. Holdings in ERMA's portfolio were \$23.8 million at June 30, 2018, as compared to \$24.8 million at June 30, 2017. Holdings are maintained in treasury and agency securities, corporate notes, commercial paper, certificates of deposit, municipal bonds, supra-national agency bonds, collateralized mortgage obligations, and asset-backed securities. ERMA's investment earnings increased 14.0%, or \$16,000, over the prior year.

A complete discussion on the economic conditions affecting government agency portfolios is provided in the **Description of Facts or Conditions that are Expected to have a Significant Effect on Financial Position or Results of Operations** in the last section of this report. At June 30, 2018, the fair market value of ERMA's investments was \$390,000 less than the book value, as compared to June 30, 2017 when the fair market value of ERMA's investments was \$105,000 less than the book value. The ability of ERMA's excess funds to earn investment income has a direct effect on program rates, as this income is used to discount future claims liabilities. The discount factor assumed in these challenging times becomes an increasingly critical judgment call. When investment yields fall short of projections, additional funding may be required to meet actuarial estimates.

The chart on the following page depicts the make-up of ERMA's cash assets. Investment in federal agencies as shown in the green bars was significantly less as compared to the prior year. This is primarily due to the depletion of availability resulting in the need to increase investment in other sectors, as noted in the increase in supra-national agency bonds shown in the light blue bars.

**Total Cash by Category at June 30, 2018, and June 30, 2017**





# EMPLOYMENT RISK MANAGEMENT AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

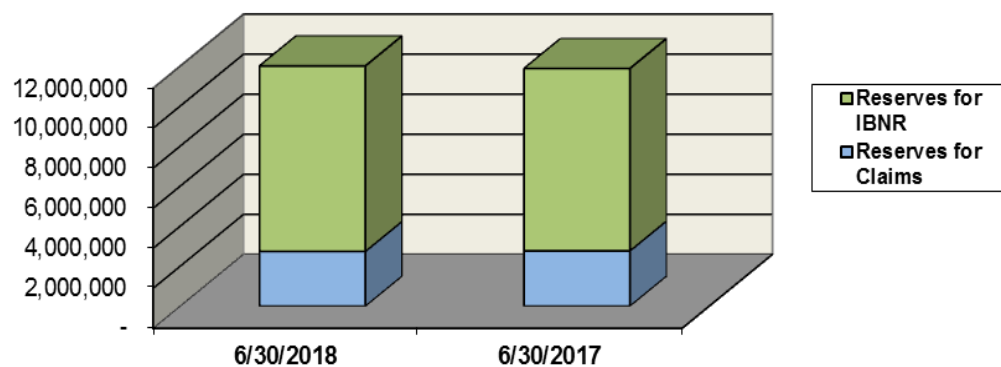
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### Pool Liabilities

As shown in the chart on the following page, claim liabilities increased \$712,000 over the prior year. Reserves for known claims decreased \$22,000, and reserves for anticipated future claims and claims development (IBNR) increased by \$734,000. The net increase in claim liability is attributable to a decrease in actuarial ultimate loss projections for prior program years totaling \$273,000 and the introduction of the liabilities of a new program year in the amount of \$4.4 million, offset by claims payments of \$3.3 million. A further discussion of this development is found under the **Provision for Insured Events** section of this report.

The portion of claims considered to be currently payable (less than one year) was actuarially determined. ERMA's current claims liability at June 30, 2018 is projected to be \$3.7 million, a \$349,000 increase over the prior year. ERMA's long-term claims liability is projected to be \$8.8 million.

**Comparison of Pool Liabilities at June 30, 2018 and June 30, 2017**



### Capital Fund

ERMA's historical Capital Fund was reactivated in April, 2014 to receive an initial \$300,000 contribution, which was withheld from a dividend release. The purpose of the re-activated Fund was to build a reserve to eventually reach \$1.0 million and fund policy review initiatives developed by the ERMA Training Ad Hoc Committee. The Fund was augmented the following three years until it reached its targeted \$1.0 million threshold in May, 2018. Activity in the Fund for the past four years is shown in a grid below.



EMPLOYMENT RISK MANAGEMENT AUTHORITY

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**ERMA Capital Fund Activity**

<b>Program Year</b>	<b>Contributions</b>	<b>Expenditures</b>	<b>Accumulated Interest</b>	<b>BALANCE</b>
2014/15	\$ 300,000	\$ -		<b>\$ 300,000</b>
2015/16	400,000	-	8,522	<b>\$ 708,522</b>
2016/17	150,000	(15,000)	4,134	<b>\$ 847,656</b>
2017/18	150,000	(238,392)	3,843	<b>\$ 763,107</b>
<b>TOTALS</b>	<b>\$ 1,000,000</b>	<b>\$ (253,392)</b>	<b>\$ 16,499</b>	

**Revenues and Expenses**

<b>ERMA Statement of Revenues, Expenses, and Changes in Net Position</b>				
	<b>Fiscal Year Ended June 30, 2018</b>	<b>Fiscal Year Ended June 30, 2017</b>	<b>Percentage Change</b>	
<b>Revenues:</b>				
Deposit Premiums	\$6,768,216	\$6,275,797	7.8%	
Capital Fund Contribution	150,000	150,000	0.0%	
Investment Income (Net)	133,173	116,818	14.0%	
Miscellaneous Income	120	2,580		
Total Revenues	<u>\$7,051,509</u>	<u>\$6,545,195</u>	<u>7.7%</u>	
<b>Expenses:</b>				
Excess Insurance	235,697	219,698	7.3%	
Claims Payments	3,274,235	2,570,593	27.4%	
Increase in Claims Reserves	711,819	630,383	12.9%	
General and Administration	834,852	805,586	3.6%	
Loss Prevention and Training	337,894	110,724	205.2%	
Total Operating Expenses	<u>5,394,497</u>	<u>4,336,984</u>	<u>24.4%</u>	
Member Dividend	3,000,000	3,000,000	0.0%	
Change in Net Position	(1,342,988)	(791,789)	69.6%	
Net Position, Beginning of Year	13,860,226	14,652,015	-5.4%	
Net Position, End of Year	<u>\$12,517,238</u>	<u>\$13,860,226</u>	<u>-9.7%</u>	

# EMPLOYMENT RISK MANAGEMENT AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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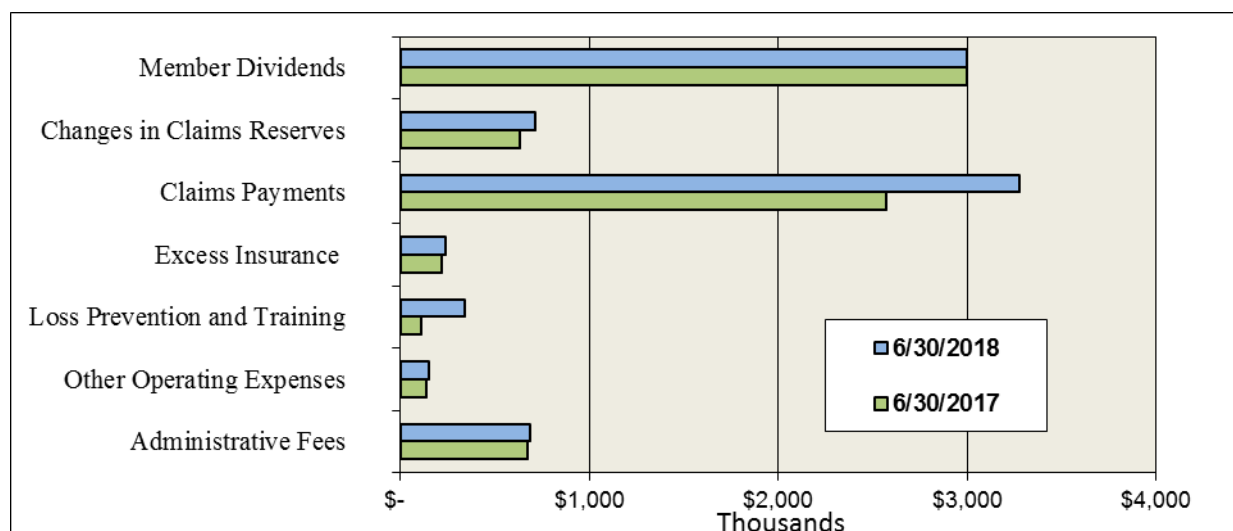
In 2017/2018, revenues consisted of deposit premiums, interest income, and a deposit to the Capital Contribution Fund, as was the case in 2016/2017. Deposit premiums increased by 7.8% over the prior year due to the increase in payroll of 5.4% and the increase in the actuarially-determined pooling rate of 1.5% over the prior year's rate. The funding rate for the pooled layer increased to .465 at the 80% confidence level from .458 the prior year, also at the 80% confidence level. As discussed in an earlier section, interest earnings increased 14.0%, or \$16,000, over the prior year.

In 2017/2018, expenses exceeded revenues by \$1.3 million. Budgeted claims costs (including claim payments and changes in reserves) exceeded actual amounts by \$1.5 million and unbudgeted investment income and the Capital Contribution deposit were offset by the dividend returned to members in the amount of \$3.0 million, resulting in program net position of \$12.6 million.

For the fiscal year ended June 30, 2017, expenses had exceeded revenues by \$792,000. Actual claims costs had exceeded budgeted amounts by \$1.9 million, and unbudgeted investment income and the Capital Contribution deposit were offset by the dividend returned to members in the amount of \$3.0 million, resulting in program net position of \$13.9 million.

The chart below illustrates the differences between the apportionment of expenses for the current and prior year.

**Expenses for the Years Ended June 30, 2018 and June 30, 2017**



### Provision for Insured Events

ERMA contracts with Bickmore for an actuarial valuation of its outstanding claims liability as well as a recommendation of funding levels for the coming year. Funding for the 2017/2018 program year was calculated at the 80% confidence level and discounted at 2.0%. Liabilities were also discounted at 2.0% to recognize the future investment earnings on those funds.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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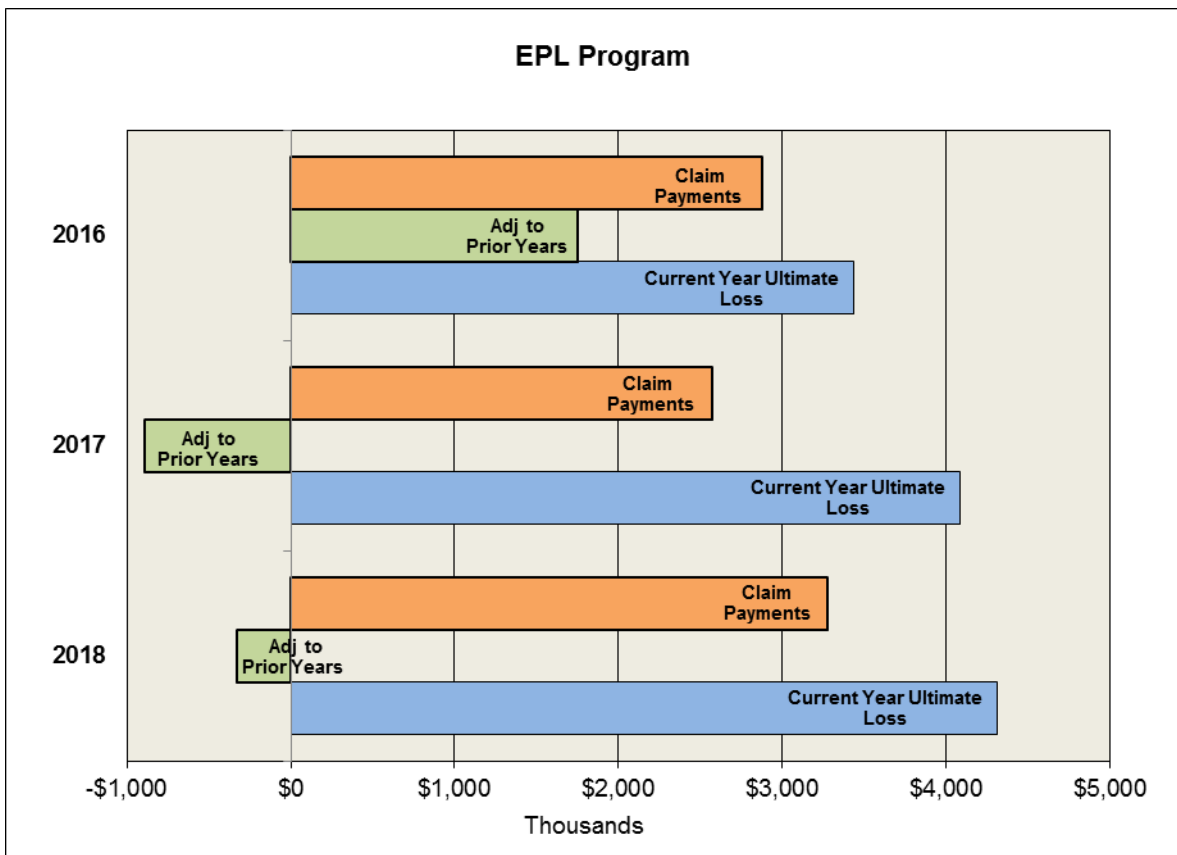
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Actuarial projections are adjusted each year as claims continue to develop. The chart on the following page illustrates the three components of claims expense which the actuary either considered or determined as of the end of each of the last three program years:

- **Adjustments to Prior Years:** The 2014/2015 program year marked the first year since the 2009/2010 program year\* that actuarial ultimate loss projections for prior program years increased, and that by \$857,000. 2015/2016 experienced an increase of \$1.8 million, and in 2016/2017, there was a return to a decrease of \$889,000. 2017/2018 followed suit with a decrease in actuarial projections in the amount of \$327,000.  
*\*NOTE: The prior four years saw decreases totaling \$15.6 million.*
- **Claim Payments:** Claim payments for the three program years shown have decreased from \$2.9 to \$2.6 and increased to \$3.3 million respectively. ERMA's average claim payments over the past ten years has been \$2.8 million.
- **Current Year Ultimate Loss:** The current year ultimate loss projection has risen steadily over the three year period shown, from \$3.4 to 4.3 million.

**Claims Activity**

**As of June 30, 2018, June 30, 2017, and June 30, 2016**



# EMPLOYMENT RISK MANAGEMENT AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### **General Administrative Expenses**

General administrative expenses (including the loss prevention and training program) increased \$256,000, over the prior year. The increase was primarily due to an increase in the funds expended in the Capital Contribution Fund for member policy review. \$238,000 was expensed this year in comparison to the prior year's initial expenditure of \$15,000. Other increases were made up of incremental contractual increases, and a rise in legal fees due to the increased need for coverage opinions.

Total general administrative expenses as a percentage of total expenses incurred by ERMA during the current and prior fiscal year were 14.0% and 12.5% respectively.

### **Economic Factors**

In developing the budget for the fiscal year ended June 30, 2018, pool administration staff and the Board of Directors took into account the factors that had significant potential to affect the budgeted figures: primarily the claims, investment, and insurance environments. Projections for investment income took into consideration the trends in the interest income generated by ERMA's cash and investments and the resulting effect that would have on the funding levels.

ERMA now enjoys the stability of a JPA which has been in operation for nineteen years, boasting net position of \$12.5 million. Membership has been stable and current funding appears to be more than sufficient to meet current and future obligations.

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

#### **Investment Arena:**

The domestic economy continued to expand as U.S. GDP increased at an annual rate of 4.2% in the second quarter of 2018 (according to the second reading), its highest level since 2014. The labor market continued to improve as well, adding an average of 218,000 jobs per month during the first six months of 2018, as the unemployment rate registered at just 4.0% in June. After faltering in early 2018, the domestic stock market has rebounded; as of June 30, 2018, the S&P 500 was in positive territory year-to-date. Prices have also begun to increase, as evidenced by gradual advances in the core Personal Consumption Expenditures (PCE) index, the Federal Reserve's (the "Fed") preferred gauge of inflation. After languishing below the Fed's 2% target for nearly six years, core PCE finally reached 2% year-over-year growth in early 2018.

Bolstered by these positive economic indicators, the Federal Open Market Committee has continued on its path of slow, steady rate increases. The Committee has increased the closely-watched federal funds target rate two times so far in 2018 to its current range of 1.75% - 2.00% and has signaled its intentions of an additional one or two rate hikes by year-end.

# EMPLOYMENT RISK MANAGEMENT AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Yields on U.S. Treasury obligations have increased significantly over the past year. However, the increases have been most pronounced on the shorter end of the curve, which is more closely tied to changes in the federal funds target rate. Increases on longer-term yields have been more subdued, as longer-term growth and inflation expectations have waned and foreign demand for longer-term U.S. Treasury bonds has increased. As a result, the yield curve has flattened notably, and the current yield spread (the difference in yields) between 10-year and 2-year U.S. Treasury obligations is at its lowest level since 2007. As of June 30, 2018, the yield on the 2-year U.S. Treasury stood at 2.53%, an increase of 115 basis points (1.15%) over the prior year. By contrast, the yield on the 10-year U.S. Treasury note registered at 2.86% as of June 30, 2018, an increase of just 55 basis points (0.55%) over the prior year.

As interest rates increased, the impact on ERMA's portfolio, and on all fixed-income investments, was two-fold: real income increased significantly while market valuations were challenged at some points during the year. In this current environment, diversification remains a key component of effective portfolio management. As such, ERMA's portfolio remains well diversified across the various investment sectors permitted by California Government Code and ERMA's Investment Policy. Non-government investment sectors continued to perform well during the past year as investor demand for high-quality non-government obligations, like those in ERMA's portfolio, increased. Accordingly, ERMA's allocation to high-quality non-government sectors, like corporate notes, negotiable certificates of deposit, asset-backed securities, and commercial paper increased during the year.

ERMA has continued to meet its goals of safety, liquidity, and return through execution of an actively-managed strategy that seeks to identify undervalued securities in order to enhance portfolio earnings while maintaining its foremost focus on safety and liquidity. We anticipate that this strategy of active management will continue to be effective and will deliver favorable results in ERMA's portfolio.

EMPLOYMENT RISK MANAGEMENT AUTHORITY

STATEMENT OF NET POSITION

(Prior Year Data for Comparison Purposes Only)

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	<u>ASSETS</u>	
	June 30,	
	<u>2018</u>	<u>2017</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 1,018,439	\$ 684,894
Investments	4,322,463	4,134,967
Receivables:		
Members	6,683	4,983
Interest	124,862	98,734
Prepaid expenses	<u>192,553</u>	<u>179,660</u>
Total current assets	<u>5,665,000</u>	<u>5,103,238</u>
Non-current assets:		
Investments	<u>19,471,193</u>	<u>20,660,832</u>
Total non-current assets	<u>19,471,193</u>	<u>20,660,832</u>
 TOTAL ASSETS	 <u>\$25,136,193</u>	 <u>\$25,764,070</u>
 <u>LIABILITIES AND NET POSITION</u>		
LIABILITIES:		
Current liabilities:		
Accounts payable	\$ 37,840	\$ 34,548
Current portion of claims liabilities	<u>3,735,299</u>	<u>3,386,004</u>
Total current liabilities	<u>3,773,139</u>	<u>3,420,552</u>
Non-current liabilities:		
Claims liabilities	<u>8,845,816</u>	<u>8,483,292</u>
Total non-current liabilities	<u>8,845,816</u>	<u>8,483,292</u>
 TOTAL LIABILITIES	 <u>12,618,955</u>	 <u>11,903,844</u>
NET POSITION - Unrestricted	<u>\$12,517,238</u>	<u>\$13,860,226</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$25,136,193</u>	<u>\$25,764,070</u>

See independent auditor's report and notes to financial statements.

EMPLOYMENT RISK MANAGEMENT AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION

(Prior Year Data for Comparison Purposes Only)

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	Years Ended June 30,	
	2018	2017
OPERATING REVENUES:		
Deposit premiums	\$ 6,532,520	\$ 6,056,097
Excess insurance premium	235,696	219,700
Capital fund contribution	150,000	150,000
Other	<u>120</u>	<u>2,580</u>
TOTAL OPERATING REVENUES	6,918,336	6,428,377
OPERATING EXPENSES:		
Claims paid	3,274,235	2,570,593
Increase in claims liabilities	711,819	630,383
Excess insurance	235,697	219,698
Loss prevention and training	337,894	110,724
General and administration	<u>834,852</u>	<u>805,586</u>
TOTAL OPERATING EXPENSES	<u>5,394,497</u>	<u>4,336,984</u>
Operating Income	1,523,839	2,091,393
NONOPERATING REVENUES (EXPENSES):		
Investment earnings	133,173	116,818
Member dividend	<u>(3,000,000)</u>	<u>(3,000,000)</u>
Total nonoperating revenues (expenses)	<u>(2,866,827)</u>	<u>(2,883,182)</u>
CHANGES IN NET POSITION	(1,342,988)	(791,789)
NET POSITION, BEGINNING OF YEAR	<u>13,860,226</u>	<u>14,652,015</u>
NET POSITION, END OF YEAR	<u>\$12,517,238</u>	<u>\$13,860,226</u>

See independent auditor's report and notes to financial statements.

EMPLOYMENT RISK MANAGEMENT AUTHORITY

STATEMENT OF CASH FLOWS

(Prior Year Data for Comparison Purposes Only)

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	<u>Years Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from members	\$ 6,916,636	\$ 6,437,296
Cash paid for claims	(3,283,569)	(2,556,272)
Cash paid for excess insurance	(235,697)	(219,698)
Cash paid for general and administration	<u>(1,173,013)</u>	<u>(911,403)</u>
Net cash provided by operating activities	2,224,357	2,749,923
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Member dividend	<u>(3,000,000)</u>	<u>(3,000,000)</u>
Net cash used by capital and related financing activities	(3,000,000)	(3,000,000)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment income	392,839	354,519
Purchase of investment securities	(10,228,916)	(19,533,259)
Proceeds from sales and maturities of investment securities	<u>10,945,265</u>	<u>19,254,088</u>
Net cash provided by investing activities	1,109,188	75,348
Net increase (decrease) in cash and cash equivalents	333,545	(174,729)
Cash and cash equivalents, beginning of year	<u>684,894</u>	<u>859,623</u>
Cash and cash equivalents, end of year	<u>\$ 1,018,439</u>	<u>\$ 684,894</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Net operating income	\$ 1,523,839	\$ 2,091,393
Adjustments to reconcile operating income to		
Net cash provided by operating activities:		
Changes in assets and liabilities:		
Member receivables	(1,700)	8,919
Prepaid expenses	(12,893)	(3,670)
Accounts payable	3,292	22,898
Claims liabilities	<u>711,819</u>	<u>630,383</u>
Net cash provided by operating activities	<u>\$ 2,224,357</u>	<u>\$ 2,749,923</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Noncash investing, capital and financing activities		
Unrealized gain (loss) on investments	<u>\$ (390,371)</u>	<u>\$ (104,576)</u>

See independent auditor's report and notes to financial statements.



## EMPLOYMENT RISK MANAGEMENT AUTHORITY

### NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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#### NOTE 1 - ORGANIZATION:

The Employment Risk Management Authority (ERMA) was established on July 1, 1999 as a California Joint Powers Authority under the provisions of Title 1, Division 7, Chapter 5, Article 1 (Section 6500, et. seq.) of the California Government Code. ERMA was established for the purpose of operating and maintaining a cooperative program of self-insurance and risk management to its member entities in the area of Employment Practices Liability. A Board of Directors governs ERMA, which is comprised of appointed representatives from the member agencies. During the year ended June 30, 2018, ERMA was comprised of twelve members. ERMA currently has one pooled program available to its members, the Pooled Employment Practices Liability Program.

#### Pooled Employment Practices Liability Program

The Pooled Employment Practices Liability Program is organized and operates in accordance with a "Master Plan Document," which includes the procedures, rules, and regulations applicable to the program. Each program year is accounted for and administered as a separate operation. At the inception of each program year, members are charged a deposit premium to fund the actuarially determined expected claims and estimated operating expenses for the life of the program year. Dividends may be declared by the Board of Directors beginning five years following the end of each program year providing they are funded in excess of the 90% confidence level. Assessments can also be made if the program, as a whole, is found to be actuarially unsound. A program year will be closed when the Board of Directors authorizes closure, being convinced that all known claims for the year are closed and any unobligated funds remaining are returned to the member entities, and funds paid out in excess of the original deposit and allocated interest earnings are collected from the member entities.

Self-insured retention limits of \$25,000, \$50,000, \$75,000, \$100,000, \$250,000, or \$500,000 per occurrence up to \$1 million are established for each member entity. For years prior to 2002/2003, ERMA purchased reinsurance to cover 25% of ultimate net losses in excess of the members' self-insured retention limits. Losses in excess of \$1 million up to \$4 million for 2002/2003 and 2003/2004 and \$10 million for years prior to 2002/2003 were entirely covered through purchased reinsurance. The Authority did not purchase reinsurance for 2004/2005 through 2009/2010. In 2017/2018, ERMA purchased excess coverage of \$1 million for each claim per member city with a \$2 million per member aggregate subject to a \$10 million policy aggregate, for those members who chose to participate. ERMA's administrator, Bickmore, oversees and pays all claims and related costs once they exceed a member's self-insured retention.

#### NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

##### Accounting Method

The accompanying financial statements have been presented on the accrual basis of accounting. Under the accrual method, revenues are recognized when they are earned or become reasonably estimable. Expenses are recognized when they are incurred or become reasonably estimable. The accounts of ERMA are maintained in accordance with the principles of fund accounting in which separate funds are maintained for each program year. Since the Authority discounts claims liabilities, investment income is considered in determining if a premium deficiency exists.

EMPLOYMENT RISK MANAGEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

(Continued)

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Income Taxes

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

Cash Equivalents

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

Use of Estimates

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

Classification of Revenues

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

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as contributions for insured events.

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

Comparative Data

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

EMPLOYMENT RISK MANAGEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

(Continued)

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NOTE 3 - CASH AND INVESTMENTS:

Cash and investments as of June 30, 2018 are classified in the accompanying financial statements as follows:

Cash and cash equivalents:	
Cash deposits with financial institutions	\$ 16,973
Money market funds	75,853
State investment pool – Local Agency Investment Fund (LAIF)	<u>925,613</u>
Total cash and cash equivalents	<u>\$ 1,018,439</u>
Investments:	
Current	\$ 4,322,463
Non-current	<u>19,471,193</u>
Total investments	<u>\$23,793,656</u>
Total cash and investments	<u>\$24,812,095</u>

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

The table below identifies the investment types that are authorized for the Authority by the California Government Code and its investment policy. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	5%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	5%
Time Certificates of Deposit	1 year	20%	5%
Medium-Term Notes	5 years	30%	5%
Municipal Debt Issues	5 years	None	5%
Repurchase Agreements	30 days	25%	5%
Money Market Mutual Funds	5 years	20%	10%
Mortgage Pass-Through Securities	5 years	20%	5%
Local Agency Investment Fund (LAIF)	5 years	None	\$65 million
JPA Pools (other investment pools)	5 years	None	None
Supra-Nationals	5 years	30%	None

EMPLOYMENT RISK MANAGEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

(Continued)

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Disclosures Relating to Interest Rate Risk

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

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

Investment Type	Amount	Remaining Maturity (in Months)		
		12 Months or Less	13-24 Months	25-60 Months
U.S. Treasury Notes	\$ 6,357,435	\$	\$	\$ 6,357,435
Federal Agency Securities	1,026,612	99,115	329,423	598,074
Corporate Notes	5,436,053	615,981	1,784,245	3,035,827
Commercial Paper	499,411	499,411		
Certificates of Deposit	5,597,155	2,741,340	1,495,387	1,360,428
Federal Agency CMO's	394,768	21,157	76,227	297,384
Supra-Nationals	1,990,708	345,459	393,225	1,252,024
Asset Backed Securities	2,222,096		278,712	1,943,384
Municipal Bonds	269,418		269,418	
Total	<u>\$23,793,656</u>	<u>\$4,322,463</u>	<u>\$4,626,637</u>	<u>\$14,844,556</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

ERMA's portfolio includes the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

<u>Highly Sensitive Investments</u>	<u>Fair Value at Year End</u>
Corporate Notes	\$1,809,891

These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair value of these securities highly sensitive to changes in interest rates.

EMPLOYMENT RISK MANAGEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

(Continued)

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Disclosures Relating to Credit Risk

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

Investment Type	Amount	Not Rated	Rating as of Year End			
			AAA/A-1	AA	A	BBB
U.S. Treasury Notes	\$ 6,357,435	\$	\$	\$6,357,435	\$	\$
Federal Agency Securities	1,026,612			1,026,612		
Corporate Notes	5,436,055		222,125	820,342	3,569,650	823,938
Commercial Paper	499,411				499,411	
Certificates of Deposit	5,597,155			1,360,428	4,236,727	
Federal Agency CMO's	394,768			394,768		
Supra-Nationals	1,990,707		1,990,707			
Asset Backed Securities	2,222,095	922,226	1,299,869			
Municipal Bonds	269,418				269,418	
Total	<u>\$23,793,656</u>	<u>\$922,226</u>	<u>\$3,512,701</u>	<u>\$9,959,585</u>	<u>\$8,575,206</u>	<u>\$823,938</u>

Concentration of Credit Risk

The investment policy of ERMA places limits on the amount that may be invested in any one issuer. The limits are applied at the time the investment decision is made. These limits are summarized as follows:

	Limit per Issuer	Limit per Asset Class
Corporate Notes	5%	30%
Commercial Paper	10%	25%
Certificates of Deposit	5%	30%
Supra-Nationals	None	30%
Asset Backed Securities	5%	20%
Municipal Bonds	5%	None

There were no investments in any one issuer (other than U.S. Treasury Securities) that represent 5% or more of total ERMA investments.

## EMPLOYMENT RISK MANAGEMENT AUTHORITY

### NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

(Continued)

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#### Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public entity deposits by pledging the first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2018, none of the Authority's deposits in excess of FDIC limits were held in uncollateralized accounts.

None of ERMA's investments were subject to custodial credit risk at June 30, 2018. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

#### Managed Investment Pools

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

As of June 30, 2018, ERMA's investment in the California Asset Management Program (CAMP) pool was \$75,853. A board of seven trustees who are officials or employees of the public agencies has oversight responsibility for CAMP. The value of the pool shares in CAMP, which may be withdrawn, is determined on an amortized cost basis.

EMPLOYMENT RISK MANAGEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

(Continued)

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Fair Value Measurements

ERMA Categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

ERMA has the following recurring fair value measurements as of June 30, 2018:

Assets at Fair Value as of June 30, 2018:

<u>Debt Securities</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasury Notes	\$	\$6,357,435	\$	\$6,357,435
Federal Agency Securities		1,026,612		1,026,612
Corporate Notes		5,436,053		5,436,053
Commercial Paper		499,411		499,411
Certificates of Deposit		5,597,155		5,597,155
Federal Agency CMO's		394,768		394,768
Supra-Nationals		1,990,707		1,990,707
Asset Backed Securities		2,222,095		2,222,095
Municipal Bonds		269,418		269,418

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique.

NOTE 4 - CLAIMS LIABILITIES:

ERMA has established a reserve for unpaid claims in the Pooled Employment Practices Liability Program, based on estimates of the ultimate cost of claims (including future claims adjustment expenses) that have been reported, but not settled, and of claims that have been incurred, but not reported. The incurred, but not reported claims have been estimated by management based upon an actuarial study performed by ERMA's consulting actuary at the expected confidence level and are discounted at 2% for 2017/2018 and 2016/2017. The claims reserves have been estimated by the litigation managers based upon prior experience with similar claims. Because actual costs depend on such factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Accordingly, the reserve for claims is recomputed periodically to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to the reserves are charged to income or expense in the period in which they are made. The face value (undiscounted) amount of unpaid claims at June 30, 2018 and 2017 was \$13,261,596 and \$12,340,413, respectively.

EMPLOYMENT RISK MANAGEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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

	<u>2017/2018</u>	<u>2016/2017</u>
Unpaid claims and claims adjustment expenses at beginning of year	\$11,869,296	\$11,238,913
Incurred claims and claims adjustment expenses:		
Provision for insured events of the current year	4,312,735	4,090,426
Increase (decrease) in provision for insured events for prior years	<u>(326,681)</u>	<u>(889,450)</u>
Total incurred claims and claims adjustment expenses	<u>3,986,054</u>	<u>3,200,976</u>
Payments:		
Claims and claims adjustment expenses attributable to insured events of current fiscal year		
Claims and claims adjustment expenses attributable to insured events of prior years	<u>3,274,235</u>	<u>2,570,593</u>
Total payments	<u>3,274,235</u>	<u>2,570,593</u>
Total unpaid claims and claims adjustment expenses at end of year	<u>\$12,581,115</u>	<u>\$11,869,296</u>

The components of the unpaid claims and claims adjustment expenses as of June 30, 2018 and 2017 were as follows:

	<u>2017/2018</u>	<u>2016/2017</u>
Reported claims	\$ 2,739,753	\$ 2,761,620
Claims incurred but not reported (IBNR)	9,240,844	8,549,819
Unallocated loss adjustment expenses (ULAE)	<u>600,518</u>	<u>557,857</u>
	<u>\$12,581,115</u>	<u>\$11,869,296</u>

NOTE 5 - MEMBER DIVIDENDS:

In May, 2018, the Board of Directors approved the return of equity at the 90% confidence level totaling \$3,000,000, to members that participated in the program years 2009/2010 through 2011/2012. ERMA's retrospective adjustment policy provides for the return of equity at the discretion of the Board of Directors for eligible program years that are at least five years old provided that equity remains above the 90% confidence level after this distribution.



EMPLOYMENT RISK MANAGEMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

(Continued)

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NOTE 6 - CAPITAL CONTRIBUTION FUND:

In May, 2018, in conjunction with the return of equity, \$150,000 was withheld from the cash payments released to members and was deposited in the Capital Contribution Fund to fund the policy review established by the Training Ad Hoc Committee.

ERMA's Capital Contribution Fund had been used in ERMA's early years as a designated fund to be allocated to future program years in need of solvency. The Fund had previously been fully allocated in June, 2010, and had been inactive until its re-activation in April, 2015. The net position designated for the Capital Contribution Fund at June 30, 2018 was \$763,107.

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REQUIRED SUPPLEMENTARY INFORMATION

EMPLOYMENT RISK MANAGEMENT AUTHORITY

CLAIMS DEVELOPMENT INFORMATION

JUNE 30, 2018

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The following table illustrates how the Employment Practices Liability Program earned revenue (net of reinsurance) and investment income compared to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Program since inception. The rows of the table are defined as follows:

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

EMPLOYMENT RISK MANAGEMENT AUTHORITY

CLAIMS DEVELOPMENT INFORMATION

JUNE 30, 2018

(Continued)

EMPLOYMENT PRACTICES LIABILITY PROGRAM

	<u>2008/2009</u>	<u>2009/2010</u>	<u>2010/2011</u>	<u>2011/2012</u>	<u>2012/2013</u>	<u>2013/2014</u>	<u>2014/2015</u>	<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>
1. Required contribution and investment revenue:										
Earned	\$ 7,157,710	\$ 7,451,585	\$ 7,495,626	\$ 6,915,813	\$ 6,324,018	\$5,637,666	\$5,360,293	\$5,570,519	\$6,305,939	\$6,656,049
Net assessments/(dividends)	(5,766,329)	(3,844,644)	(5,214,509)	(2,166,447)						
Ceded			<u>195,995</u>	<u>190,495</u>	<u>192,610</u>	<u>193,341</u>	<u>195,460</u>	<u>204,358</u>	<u>219,698</u>	<u>235,697</u>
Net earned before allocated interest	<u>1,391,381</u>	<u>3,606,941</u>	<u>2,085,122</u>	<u>4,558,871</u>	<u>6,131,408</u>	<u>5,444,325</u>	<u>5,164,833</u>	<u>5,366,161</u>	<u>6,086,241</u>	<u>6,420,352</u>
Allocated interest earned	<u>556,070</u>	<u>328,318</u>	<u>408,650</u>	<u>322,537</u>	<u>228,754</u>	<u>204,064</u>	<u>142,372</u>	<u>106,881</u>	<u>50,448</u>	<u>26,999</u>
Total net earned	1,947,451	3,935,259	2,493,772	4,881,408	6,360,162	5,648,389	5,307,205	5,473,042	6,136,689	6,447,351
2. Unallocated expenses	736,262	646,657	668,136	702,158	733,423	744,782	789,819	823,781	901,310	934,354
3. Estimated claims and expenses, end of program year:										
Incurred	5,958,864	5,365,254	4,800,146	3,596,916	3,145,533	2,910,463	3,082,575	3,436,639	4,090,426	4,312,735
Ceded										
Net incurred	<u>5,958,864</u>	<u>5,365,254</u>	<u>4,800,146</u>	<u>3,596,916</u>	<u>3,145,533</u>	<u>2,910,463</u>	<u>3,082,575</u>	<u>3,436,639</u>	<u>4,090,426</u>	<u>4,312,735</u>
4. Net paid (cumulative) as of:										
End of program year	7,017	10,085	55,365	34,348			3,154			
One year later	265,796	96,539	263,439	35,318	223,823	17,342	571,386	549,594	202,129	
Two years later	635,570	886,036	331,235	322,389	932,721	926,832	1,138,422	1,422,765		
Three years later	997,279	1,835,846	1,007,931	1,546,668	1,754,660	1,625,601	2,749,312			
Four years later	1,211,598	1,999,384	1,287,633	1,916,982	1,786,551	2,172,644				
Five years later	1,211,783	2,921,598	1,367,157	1,916,982	1,827,552					
Six years later	1,211,783	3,016,961	1,825,609	1,916,982						
Seven years later	1,211,783	3,281,809	1,825,609							
Eight years later	1,211,783	3,281,809								
Nine years later	1,211,783									
5. Reestimated ceded claims and expenses										
6. Reestimated net incurred claims and expenses:										
End of program year	5,958,864	5,365,254	4,800,146	3,596,916	3,145,533	2,910,463	3,082,575	3,436,639	4,090,426	4,312,735
One year later	5,532,256	4,437,687	3,472,863	2,876,295	2,620,642	2,431,322	3,571,092	3,918,988	3,889,398	
Two years later	3,540,323	3,072,653	1,983,665	1,969,700	2,570,866	3,139,528	3,524,645	3,868,253		
Three years later	2,225,770	3,180,822	1,658,382	2,501,089	2,676,825	2,846,320	4,140,235			
Four years later	1,476,670	2,736,264	1,529,388	2,327,372	2,214,660	2,637,369				
Five years later	1,236,662	3,244,191	2,087,601	1,916,982	2,107,528					
Six years later	1,211,783	3,553,835	1,972,333	1,916,982						
Seven years later	1,211,783	3,509,510	1,825,609							
Eight years later	1,211,783	3,281,809								
Nine years later	1,211,783									
7. Increase (decrease) in estimated net incurred claims and expenses from end of program year	<u>\$(4,747,081)</u>	<u>\$(2,083,445)</u>	<u>\$(2,974,537)</u>	<u>\$(1,679,934)</u>	<u>\$(1,038,005)</u>	<u>\$ (273,094)</u>	<u>\$1,057,660</u>	<u>\$ 431,614</u>	<u>\$ (201,028)</u>	<u>\$</u>

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OTHER REPORT

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

Governing Board  
Employment Risk Management Authority  
Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Employment Risk Management Authority (ERMA) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise ERMA's basic financial statements, and have issued our report thereon dated \_\_\_\_\_, 2018.

**Internal Control Over Financial Reporting**

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

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

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

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## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

Clovis, California  
, 2018

**FINANACIAL MATTERS**

**SUBJECT: Financial Status Report for the Fiscal Year Ended June 30, 2018**

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**BACKGROUND AND STATUS:**

Generally, the ERMA Internal Financial Statements are placed on the Consent Calendar for Board approval. However, at the November Board meeting, the Internal Financial Statements and the JPA Performance Report as of the recent year-end are reviewed with the Board.

Ms. Nancy Broadhurst, Finance Manager, will be in attendance to review the financial documents, and answer questions from the Board.

**RECOMMENDATION:**

*Staff recommends the Board of Directors approve the Internal Financial Statements for the Fiscal Year Ended June 30, 2018, and JPA Performance Report, as of June 30, 2018.*

**REFERENCE MATERIALS ATTACHED:**

- Internal Financial Statements for the Fiscal Year Ended June 30, 2018
- JPA Performance Report as of June 30, 2018



# EMPLOYMENT RISK MANAGEMENT AUTHORITY

## ~ BALANCE SHEET ~

As of June 30, 2018

(Unaudited)

### ASSETS

#### CURRENT ASSETS

Cash in Bank	\$	92,826	
Local Agency Investment Fund		927,350	
Market Valuation - LAIF		(1,737)	
Investments - Managed Portfolio		4,334,396	
Market Valuation - Investments		(11,934)	
Accounts Receivable - Members		6,683	
Interest Receivable		124,862	
Prepaid Expense		191,931	
Prepaid Insurance		622	
		<hr/>	
<b>TOTAL CURRENT ASSETS</b>			5,665,000

#### NONCURRENT ASSETS

Investments - Managed Portfolio		19,849,630	
Market Valuation - Investments		(378,437)	
		<hr/>	
<b>TOTAL NONCURRENT ASSETS</b>			19,471,192
		<hr/>	
<b>TOTAL ASSETS</b>			<b>\$ 25,136,192</b>
			<hr/>

### LIABILITIES AND EQUITY

#### CURRENT LIABILITIES

Accounts Payable	\$	37,838	
Unearned Revenue			
Reserve - Claims		2,739,752	
Reserve - IBNR & ULAE		995,547	
		<hr/>	
<b>TOTAL CURRENT LIABILITIES</b>			3,773,137

#### NONCURRENT LIABILITIES

Reserve for Claims			
Reserve - IBNR & ULAE		8,845,816	
		<hr/>	
<b>TOTAL NONCURRENT LIABILITIES</b>			8,845,816
<b>TOTAL LIABILITIES</b>			<b>12,618,953</b>
			<hr/>

#### EQUITY

Retained Earnings		11,754,132	
Retained Earnings - Capital Fund		763,107	
		<hr/>	
<b>TOTAL EQUITY</b>			<b>12,517,239</b>
			<hr/>
<b>TOTAL LIABILITIES AND EQUITY</b>			<b>\$ 25,136,192</b>
			<hr/>

# EMPLOYMENT RISK MANAGEMENT AUTHORITY

## ~ INCOME STATEMENT ~

For the Year Ended June 30, 2018

(Unaudited)

	Actual	Budget	% Used	\$ Variance
<b>INCOME</b>				
Deposit Premium	\$ 6,420,353	\$ 6,387,468	101% +	\$ 32,885
Prior Year Deposit Premium	112,167			112,167
Excess Insurance Premium	235,696	235,697	100%	(1)
Capital Fund Contribution	150,000			150,000
Interest Income	133,173			133,173
Miscellaneous Income	120			120
<b>TOTAL INCOME</b>	<b>7,051,509</b>	<b>6,623,164</b>	<b>106%</b>	<b>428,345</b>
<b>EXPENSES</b>				
<b>Claims Expense</b>				
Claims Paid	\$ 3,274,235 **	\$ 5,466,618 *	73%	(1,480,564)
Incr/(Decr) in Reserves	711,819 **			
Excess Insurance	235,697	235,697	100%	0
<b>Subtotal Claims Expense</b>	<b>4,221,751</b>	<b>5,702,315</b>	<b>74%</b>	<b>(1,480,564)</b>
<b>Loss Prevention &amp; Training</b>				
Employee Reporting	9,309	8,500	110% +	809
Web-based Training / Training Bulletins	24,000	24,000	100%	0
Additional Web-based Training	12,000	12,000	100%	0
Hotline Services	3,523	7,000	50%	(3,477)
Miscellaneous Training Expenses	3,370	6,000	56%	(2,630)
Attorney Workshops	36,550	17,200	213% +	19,350
Training Workshops	10,750	30,100	36% +	(19,350)
<b>Subtotal Loss Prevention &amp; Training</b>	<b>99,502</b>	<b>104,800</b>	<b>95%</b>	<b>(5,298)</b>
<b>Capital Fund Expenditures</b>				
Development/ Delivery of Survey/ Results	238,392			238,392
<b>Subtotal Capital Fund Expenditures</b>	<b>238,392</b>			<b>238,392</b>
<b>General &amp; Administrative Expenses</b>				
Program Management	683,492	678,949	101% +	4,543
Risk Assessments	7,357	5,000	147% +	2,357
Board Meetings & Retreat	26,174	30,000	87%	(3,826)
Memberships & Conferences	928	1,500	62%	(572)
Actuarial Study	9,950	9,950	100%	0
Legal Services	48,827	30,000	163% +	18,827
Financial Audit	9,450	9,450	100%	0
Accreditation	1,417	1,500	94%	(83)
Fidelity Bond	1,139	1,200	95%	(61)
SLIP Insurance	2,485	2,500	99%	(15)
Investment Management Services	26,854	30,000	90%	(3,146)
Claims System	5,000	5,000	100%	0
Website	7,500	7,500	100%	0
Miscellaneous	4,278	3,500	122% +	778
<b>Subtotal General &amp; Admin Expenses</b>	<b>834,852</b>	<b>816,049</b>	<b>102%</b>	<b>18,803</b>
<b>Dividend Expense - Return of Equity</b>	<b>3,000,000</b>	<b>0</b>		<b>3,000,000</b>
<b>TOTAL EXPENSES</b>	<b>8,394,497</b>	<b>6,623,164</b>	<b>127%</b>	<b>(1,228,667)</b>
<b>NET INCOME/(LOSS)</b>	<b>\$ (1,342,988)</b>	<b>\$ -</b>		

\* 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 that Exceeded Budgeted Amount"

**EMPLOYMENT RISK MANAGEMENT AUTHORITY**  
**~ INCOME STATEMENT ADDENDUM ~**  
**Report of Line Items that Exceeded Budgeted Amount**  
**For the Year Ended June 30, 2018**

	<u>Actual</u>	<u>Budget</u>	<u>% Used</u>	<u>\$ Variance</u>
<b>Income</b>				
+ <u>Deposit Premium</u>	6,420,353	6,387,468	101%	32,885
<i>This line item exceeded the budgeted amount due to an increase in payroll inclusive of the City of Livermore's employees in Pleasanton Fire, an underlying member of BCJPIA.</i>				
<hr/>				
<b>Loss Prevention &amp; Training</b>				
+ <u>Employee Reporting</u>	9,309	8,500	110%	809
<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>	36,550	17,200	213%	19,350
<u>Training Workshops</u>	10,750	30,100	36%	(19,350)
<i>Attorney and training workshops are budgeted separately but were scheduled according to request.</i>				
<hr/>				
<b>General &amp; Administrative Expenses</b>				
+ <u>Program Management</u>	683,492	678,949	101%	4,543
<i>This line item exceeded the budgeted amount due to the inclusion of the City of Livermore's employees in Pleasanton Fire resulting in a slight fee increase to Bickmore.</i>				
<hr/>				
+ <u>Risk Assessments</u>	7,357	5,000	147%	2,357
<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 risk assessments were conducted for the following cities: Adelanto, McFarland, Pittsburg and West Hollywood.</i>				
<hr/>				
+ <u>Legal Services</u>	48,827	30,000	163%	18,827
<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 \$6,232, which is an out-of-the ordinary occurrence.</i>				
<hr/>				
+ <u>Miscellaneous</u>	4,278	3,500	122%	778
<i>This line item is primarily bank fees. It has exceeded the budgeted amount for the past three years. Staff will recommend an increase in this line item for the 2019/2020 Budget.</i>				
<hr/>				

**Employment Risk Management Authority**  
**Program Retained Earnings by Member**  
**At the Expected Confidence Level**  
**As of June 30, 2018**

Member	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	\$ 323,339	\$ 450,609	\$ 297,518	\$ 66,833	\$ 113,540	\$ 174,793	\$ 168,602	\$ 1,595,235
CalTIP							17,755	17,755
CHARMA								0
CSJVRMA	507,750	851,389	476,991	51,663	167,500	315,278	270,062	2,640,635
ERMAC						34,939	23,236	58,175
MBASIA	28,321	45,933	33,793	3,229	10,246	15,436	12,446	149,404
MPA	419,683	660,641	388,339	40,108	149,711	226,002	183,197	2,067,682
PARSAC	385,783	612,032	432,273	93,001	150,822	301,285	254,233	2,229,429
PERMA	428,908	568,880	434,824	98,669	127,713	175,523	176,773	2,011,290
SCORE	34,793	41,909	29,618	6,688	11,726	17,046	16,408	158,189
VCJPA	79,344	177,642	108,799	10,694	32,420	59,983	46,165	515,045
Oakland HA	41,715	88,753	51,006	5,113	14,080	23,976	26,224	250,868
Contra Costa County HA	13,042	21,421	13,078	1,147	2,730	4,816	4,190	60,424
Capital Fund								763,108
<b>Total</b>	<b>\$ 2,262,678</b>	<b>\$ 3,519,211</b>	<b>\$ 2,266,238</b>	<b>\$ 377,148</b>	<b>\$ 780,488</b>	<b>\$ 1,349,078</b>	<b>\$ 1,199,292</b>	<b>\$ 12,517,239</b>

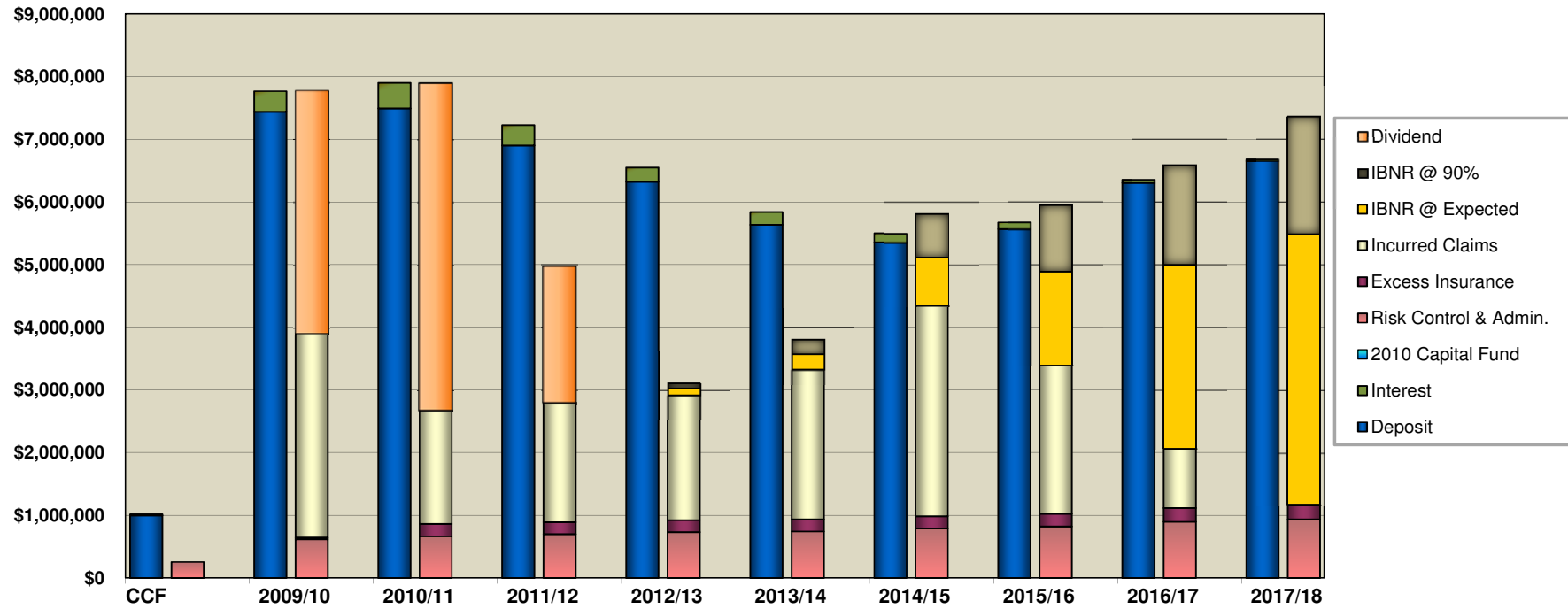
**NOTES:**

- \* 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.
- \* Program years 2009/2010 through 2009/2011 were closed as of May 1, 2018.
- \* 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. An additional \$150,000 was funded on June 30, 2018 allocated based on 2018/19 premiums.

<b>Additional Information:</b>								
<b>Current IBNR</b>								
IBNR as of 6/30/18	\$0	\$ 109,881	\$ 248,085	\$ 765,316	\$ 1,492,229	\$ 2,931,717	\$ 4,294,135	\$9,841,363
<b>Retained Earnings @ 90%:</b>								
Retained Earnings @ 90% CL:	\$ 2,262,678	\$ 3,435,037	\$ 2,027,964	\$ (318,764)	\$ (269,951)	\$ (235,277)	\$ (673,693)	\$ 6,991,101
<b>Assessments / (Dividends):</b>								
Net Assessments								
Net Assessments / Dividends	\$ (2,166,447)							\$ (14,171,759)
<b>Confidence Level Funding:</b>								
	75%	80%	80%	80%	80%	80%	80%	

## Employment Risk Management Authority

### Review of Financial Condition As of June 30, 2018



**EMPLOYMENT RISK MANAGEMENT AUTHORITY**  
**JPA PERFORMANCE REPORT**  
*(Open Program Years)*  
**as of June 30, 2018**

**Purpose:**

Maintain effective and efficient operation of the JPA;  
Provide concise information needed to accurately illustrate the JPA's financial position as a result of operations;  
Serve as an early warning tool to identify unfavorable events or trends;  
Encourage member entity awareness and participation.

	(13) June 30, 2012	(14) June 30, 2013	(15) June 30, 2014	(16) June 30, 2015	(17) June 30, 2016	(18) June 30, 2017	(19) June 30, 2018
<b>A. Balance Sheet</b>							
<b>Assets:</b>							
Cash	\$ 5,153,442	\$ 109,990	\$ 640,812	\$ 1,004,475	\$ 859,624	\$ 684,894	\$ 1,018,439
Investments	22,842,553	28,880,072	26,222,903	24,266,440	24,779,394	24,795,799	23,793,655
Receivables	92,906	137,125	123,411	58,243	87,571	103,717	131,545
Prepays	131,410	140,609	149,649	154,137	175,990	179,660	192,553
<b>Total Assets</b>	<b>28,220,310</b>	<b>29,267,797</b>	<b>27,136,775</b>	<b>25,483,295</b>	<b>25,902,578</b>	<b>25,764,070</b>	<b>25,136,192</b>
<b>Liabilities:</b>							
Payables	41,434	41,994	51,085	73,283	11,650	34,548	37,838
Unearned Revenue	0	0	0	0	0	0	0
Reserve for Known Claims	1,472,584	1,360,156	2,316,273	1,264,701	2,737,154	2,761,620	2,739,752
IBNR & ULAE	9,481,548	8,119,622	6,264,280	7,663,181	8,501,760	9,107,676	9,841,363
<b>Total Liabilities</b>	<b>10,995,566</b>	<b>9,521,772</b>	<b>8,631,638</b>	<b>9,001,165</b>	<b>11,250,564</b>	<b>11,903,844</b>	<b>12,618,953</b>
<b>Retained Earnings</b>	<b>17,224,745</b>	<b>19,746,025</b>	<b>18,505,137</b>	<b>16,482,130</b>	<b>14,652,015</b>	<b>13,860,226</b>	<b>12,517,239</b>
<b>Total Liabilities &amp; Retained Earnings</b>	<b>\$ 28,220,310</b>	<b>\$ 29,267,797</b>	<b>\$ 27,136,775</b>	<b>\$ 25,483,295</b>	<b>\$ 25,902,578</b>	<b>\$ 25,764,070</b>	<b>\$ 25,136,192</b>
<b>B. Statement of Operations</b>							
Deposit Premiums	\$ 6,906,219	\$ 6,333,611	\$ 5,612,129	\$ 5,331,445	\$ 5,542,878	\$ 6,275,797	\$ 6,768,216
* 1999/2000 Net Assessment							
* 2000-2001 Net Assessment							
* 2001-2002 Net Assessment							
* 2002-2003 Net Assessment/(Net Dividend)		(587,664)					
* 2003-2004 Net Assessment/(Net Dividend)		(381,156)					
* 2004-2005 Net Assessment/(Net Dividend)		1,236,664	(93,843)				
* 2005-2006 (Net Dividend)		(446,720)	4,276				
* 2006-2007 (Net Dividend)		235,903	121,486	176,264	(39,123)		
* 2007-2008 (Net Dividend)		(2,893,415)	(15,331)	412,798	(276,597)		
* 2008-2009 (Net Dividend)			(5,747,143)	(27,073)	7,887		
* 2009-2010 (Net Dividend)				(3,533,432)	(182,605)		(128,607)
* 2010-2011 (Net Dividend)					(1,509,562)	(3,000,000)	(704,947)
* 2011-2012 (Net Dividend)							(2,166,447)
Capital Fund Contribution				300,000	400,000	150,000	150,000
Investment Income	276,918	71,350	372,131	242,093	444,811	116,818	133,173
Claims - Payments	(1,661,878)	(1,595,614)	(1,455,695)	(3,592,494)	(2,878,635)	(2,570,593)	(3,274,235)
Claims - Changes in Reserves	2,691,509	1,474,354	899,225	(347,329)	(2,311,031)	(630,383)	(711,819)
Excess Insurance	(190,084)	(192,610)	(193,341)	(195,459)	(204,358)	(219,698)	(235,697)
General Management	(504,637)	(526,834)	(557,773)	(583,680)	(598,742)	(669,060)	(683,492)
Other Expenses	(197,521)	(206,589)	(187,009)	(206,139)	(225,038)	(244,670)	(489,134)
<b>Net Income (Loss)</b>	<b>\$ 7,320,526</b>	<b>\$ 2,521,280</b>	<b>\$ (1,240,888)</b>	<b>\$ (2,023,007)</b>	<b>\$ (1,830,115)</b>	<b>\$ (791,789)</b>	<b>\$ (1,342,990)</b>

\* "Net Assessment" refers to program years in which only net assessments were levied;

\* "Net Assessment/Net Dividend" refers to those program years in which assessments were levied and dividends granted; and

\* "Net Dividend" refers to program years in which only net dividends were granted.

**EMPLOYMENT RISK MANAGEMENT AUTHORITY**  
**JPA PERFORMANCE REPORT**  
**(Open Program Years)**  
**as of June 30, 2018**

47								
48		(13)	(14)	(15)	(16)	(17)	(17)	(18)
49	<b>C. Actual Expense v. Budget</b>	<b>2011/2012</b>	<b>2012/2013</b>	<b>2013/2014</b>	<b>2014/2015</b>	<b>2015/2016</b>	<b>2016/2017</b>	<b>2017/2018</b>
50	<b>General Management Expense:</b>							
51	Budget	\$ 504,637	\$ 526,834	\$ 557,773	\$ 583,680	\$ 597,835	\$ 669,060	\$ 678,949
52	Percentage of Budget Used	100%	100%	100%	100%	100%	100%	101%
53								
54								
55	<b>Other Expenses:</b>							
56	Budget	\$ 244,040	\$ 235,190	\$ 217,690	\$ 212,840	\$ 220,640	\$ 239,650	\$ 241,900
57	Percentage of Budget Used	81%	88%	86%	97%	102%	102%	202%
58						* - Includes unbudgeted Capital Fund expenditures		
59								
60		(13)	(14)	(15)	(16)	(17)	(17)	(18)
61	<b>D. Member Entities</b>	<b>2011/2012</b>	<b>2012/2013</b>	<b>2013/2014</b>	<b>2014/2015</b>	<b>2015/2016</b>	<b>2016/2017</b>	<b>2017/2018</b>
62	Number of Joint Powers Authorities	8	8	8	8	8	9	10
63	Number of Individual Cities/Special Districts	2	2	2	2	2	2	2
64	<b>Total Member Entities</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>11</b>	<b>12</b>
65								
66	<b>Total Underlying Member Entities</b>	<b>175</b>	<b>175</b>	<b>184</b>	<b>183</b>	<b>189</b>	<b>195</b>	<b>206</b>
67								
68		(13)	(14)	(15)	(16)	(17)	(17)	(18)
69	<b>E. Member Payroll</b>	<b>2011/2012</b>	<b>2012/2013</b>	<b>2013/2014</b>	<b>2014/2015</b>	<b>2015/2016</b>	<b>2016/2017</b>	<b>2017/2018</b>
70	Budgeted Payroll	\$ 1,164,173,023	1,131,237,538	1,133,046,575	1,166,717,404	1,217,536,705	1,394,559,861	1,460,260,455
71	Budgeted Payroll (Excess Insurance)	\$ 572,057,405	570,581,105	580,603,459	586,963,768	615,070,955	659,752,518	707,797,671
72								
73								
74								
75		(13)	(14)	(15)	(16)	(17)	(17)	(18)
76	<b>F. Rates per \$100 Payroll</b>	<b>2011/2012</b>	<b>2012/2013</b>	<b>2013/2014</b>	<b>2014/2015</b>	<b>2015/2016</b>	<b>2016/2017</b>	<b>2017/2018</b>
77	Funding Rate per \$100 Payroll	0.512	0.474	0.408	0.372	0.370	0.369	0.374
78	Excess Insurance Rate per \$100 Payroll	0.033	0.034	0.033	0.033	0.033	0.033	0.033
79	Budgeted Admin. Rate per \$100 Payroll	0.064	0.067	0.068	0.068	0.067	0.065	0.063
80								
81								
82		(13)	(14)	(15)	(16)	(17)	(17)	(18)
83	<b>G. Layers of Coverage</b>	<b>2011/2012</b>	<b>2012/2013</b>	<b>2013/2014</b>	<b>2014/2015</b>	<b>2015/2016</b>	<b>2016/2017</b>	<b>2017/2018</b>
84	Retention to \$1,000,000 Layer	100% ERMA	100% ERMA	100% ERMA	100% ERMA	100% ERMA	100% ERMA	100% ERMA
85								
86								
87	Coverage above \$1,000,000	\$1M - \$2M	\$1M - \$2M	\$1M - \$2M	\$1M - \$2M	\$1M - \$2M	\$1M - \$2M	\$1M - \$2M
88	Commercial	Commercial	Commercial	Commercial	Commercial	Commercial	Commercial	Commercial
89	Coverage	Coverage	Coverage	Coverage	Coverage	Coverage	Coverage	Coverage
90	(Optional)	(Optional)	(Optional)	(Optional)	(Optional)	(Optional)	(Optional)	(Optional)
91								
92		(13)	(14)	(15)	(16)	(17)	(17)	(18)
93	<b>H. Confidence Levels (funding):</b>	<b>2011/2012</b>	<b>2012/2013</b>	<b>2013/2014</b>	<b>2014/2015</b>	<b>2015/2016</b>	<b>2016/2017</b>	<b>2017/2018</b>
94	Per Bickmore	75%	80%	80%	80%	80%	80%	80%
95								
96								

**EMPLOYMENT RISK MANAGEMENT AUTHORITY**  
**JPA PERFORMANCE REPORT**  
*(Open Program Years)*  
**as of June 30, 2018**

97		(13)	(14)	(15)	(16)	(17)	(17)	(18)
98	<b>I. Change in Claims Liabilities</b>	<b>2011/2012</b>	<b>2012/2013</b>	<b>2013/2014</b>	<b>2014/2015</b>	<b>2015/2016</b>	<b>2016/2017</b>	<b>2017/2018</b>
99	Paid-to-Date	\$ 1,916,982	\$ 1,827,552	\$ 2,172,645	\$ 2,749,312	\$ 1,422,765	202,129	0
100	Reserve for Known Claims (Discounted)	0	170,095	216,639	625,607	953,259	755,552	18,600
101	<b>Total Incurred</b>	<b>1,916,982</b>	<b>1,997,647</b>	<b>2,389,284</b>	<b>3,374,919</b>	<b>2,376,024</b>	<b>957,681</b>	<b>18,600</b>
102								
103	<b>IBNR and ULAE</b>							
104	Discounted, expected confidence level	0	109,881	248,085	765,316	1,492,229	2,931,717	4,294,135
105								
106	<b>Total Projected Claims Expense</b>	<b>\$ 1,916,982</b>	<b>\$ 2,107,528</b>	<b>\$ 2,637,369</b>	<b>\$ 4,140,235</b>	<b>\$ 3,868,253</b>	<b>\$ 3,889,398</b>	<b>\$ 4,312,735</b>
107								
108								
109								
110		(13)	(14)	(15)	(16)	(17)	(17)	(18)
111	<b>J. Adverse Experience Indicators</b>	<b>2011/2012</b>	<b>2012/2013</b>	<b>2013/2014</b>	<b>2014/2015</b>	<b>2015/2016</b>	<b>2016/2017</b>	<b>2017/2018</b>
112	Loss Ratio (Total Incurred/Deposits-Admin)	0.25	0.28	0.38	0.55	0.37	0.13	0.00
113	Total Incurred & IBNR/Deposit Premiums	0.28	0.33	0.47	0.78	0.70	0.62	0.64
114								
115	Total Incurred per \$100 of Payroll	0.16	0.18	0.21	0.29	0.20	0.07	0.00
116	Total Incurred & IBNR per \$100 of Payroll	0.16	0.19	0.23	0.35	0.32	0.28	0.30
117								
118								
119								
120		(13)	(14)	(15)	(16)	(17)	(17)	(18)
121	<b>K. Claims Activity</b>	<b>2011/2012</b>	<b>2012/2013</b>	<b>2013/2014</b>	<b>2014/2015</b>	<b>2015/2016</b>	<b>2016/2017</b>	<b>2017/2018</b>
122	All Claims:							
123	Number of Open Claims	0	2	5	9	16	54	59
124	Number of Closed Claims	53	46	42	44	40	22	3
125	<b>Total Reported Claims</b>	<b>53</b>	<b>48</b>	<b>47</b>	<b>53</b>	<b>56</b>	<b>76</b>	<b>62</b>
126	<i>Note: Number of Litigated Claims</i>	12	12	12	14	16	14	5
127								
128	Claims - Incurred over Member Retention:							
129	Number of Open Claims	0	1	2	5	8	11	1
130	Number of Closed Claims	9	12	10	10	8	1	0
131	<b>Total Reported Claims</b>	<b>9</b>	<b>13</b>	<b>12</b>	<b>15</b>	<b>16</b>	<b>12</b>	<b>1</b>



**FINANCIAL MATTERS**

**SUBJECT: Discussion regarding the California Asset Management Program (CAMP) as an Alternative to the Local Agency Investment Fund (LAIF)**

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**BACKGROUND AND STATUS:**

At the June 12, 2018, Board of Director's meeting, staff presented an alternative to the Local Agency Investment Fund (LAIF) account through the California Asset Management (CAMP) Program.

ERMA currently keeps a high balance in LAIF (Local Agency Investment Fund) in order to have access to liquid cash in order to pay settlements, rather than moving funds from the PFM (Public Financial Management) investment portfolio. Although LAIF's performance is steadily improving over time, obtaining an alternative that is still liquid, but provides a better yield than LAIF, would be beneficial to ERMA's overall investment earnings.

California Asset Management Program (CAMP) is a California Joint Powers Authority (JPA) established in 1989 to provide California public agencies with professional investment services. The investment options offered to public agencies through CAMP are the CAMP Pool (Pool) and individual portfolios. ERMA currently maintains its investment portfolio with PFM via its membership in CAMP. The Pool is a short-term money market portfolio and cash management vehicle, and is a permitted investment for all local agencies under California Government Code Section 53601(p).

Staff was asked to bring back the item for further discussion at the next board meeting. Requested additional information included: 1) A list of participating agencies, 2) The average or typical deposit amounts, and 3) Amount of assets in the Pool. Ms. Lesley Murphy, Senior Managing Consultant with PFM, and ERMA's investment manager, will be in attendance via telephone to make a presentation to the board on the CAMP liquidity account and answer questions from the Board.

*CAMP Disclaimer:*

*This information is for institutional investor use only, not for further distribution to retail investors, and does not represent an offer to sell or a solicitation of an offer to buy or sell any fund or other security. Investors should consider the Trust's investment objectives, risks, charges and expenses before investing in the Trust. This and other information about the Trust is available in the Trust's current Information Statement, which should be read carefully before investing. A copy of the Trust's Information Statement may be obtained by calling 1-800-729-7665 or is available on the Trust's website at [www.camponline.com](http://www.camponline.com). While the Trust seeks to maintain a stable net asset value of \$1.00 per share, it is possible to lose money investing in the Trust. An investment in the Trust is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Shares of the Trust are distributed by **PFM Fund Distributors, Inc.**, member Financial Industry Regulatory Authority (FINRA) ([www.finra.org](http://www.finra.org)) and Securities Investor Protection Corporation (SIPC) ([www.sipc.org](http://www.sipc.org)). PFM Fund Distributors, Inc. is a wholly owned subsidiary of PFM Asset Management LLC.*

**RECOMMENDATION**

*Staff recommends the Board of Directors approve placing funds in the CAMP Pool to be used as an alternative liquid investment option to LAIF.*

**REFERENCE MATERIAS ATTACHED:**

- Introduction to CAMP Portfolio



CALIFORNIA ASSET  
MANAGEMENT PROGRAM

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JOINT POWERS AUTHORITY

*50 California Street, Suite 2300*

*San Francisco, CA 94111*

*Tel: (800) 729-7665 Fax: (415) 982-4513*

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

# Introduction to the California Asset Management Program

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- The California Asset Management Program (“CAMP”) is a California Joint Powers Authority established in 1989 to provide California public agencies with professional investment services
- Current investment and service options offered through CAMP include:
  - S&P “AAAm” rated Cash Reserve Portfolio (Pool)\*
  - Individual Portfolios
  - Specialized services for bond proceeds
  - Investment and safekeeping services

*\* Standard & Poor’s fund ratings are based on analysis of credit quality, market price exposure, and management. According to Standard & Poor’s rating criteria, the AAAM rating signifies excellent safety of investment principal and a superior capacity to maintain a \$1.00 per share net asset value. However, it should be understood that the rating is not a “market” rating nor a recommendation to buy, hold, or sell the securities. For a full description on rating methodology, visit Standard & Poor’s website ([http://www.standardandpoors.com/en\\_US/web/guest/home](http://www.standardandpoors.com/en_US/web/guest/home)).*

# Introduction to the California Asset Management Program

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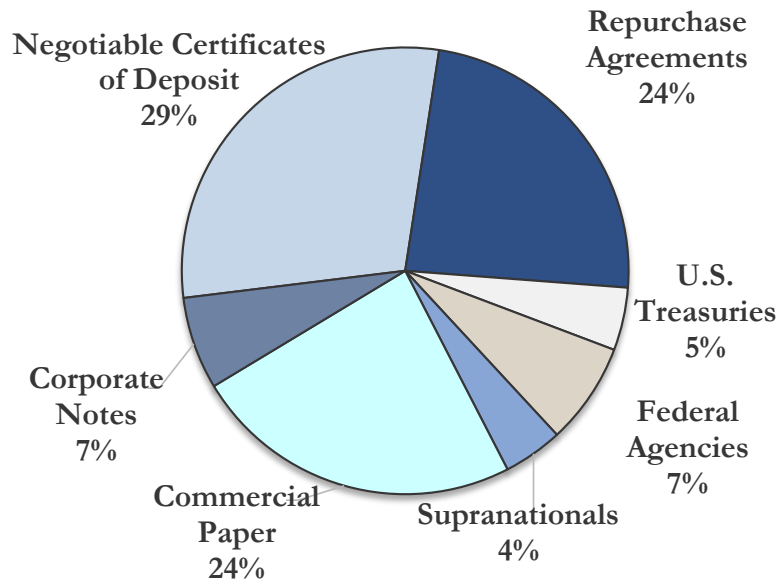
## **The Cash Reserve Portfolio offers:**

- Same-day liquidity (11:00 a.m. PST cut-off for wires)
- Competitive yield
- Interest paid monthly
- Zero out of pocket expenses
- Unlimited transactions via wire, ACH, or check
- No minimum investment
- Online account management
- Option to open multiple sub-accounts

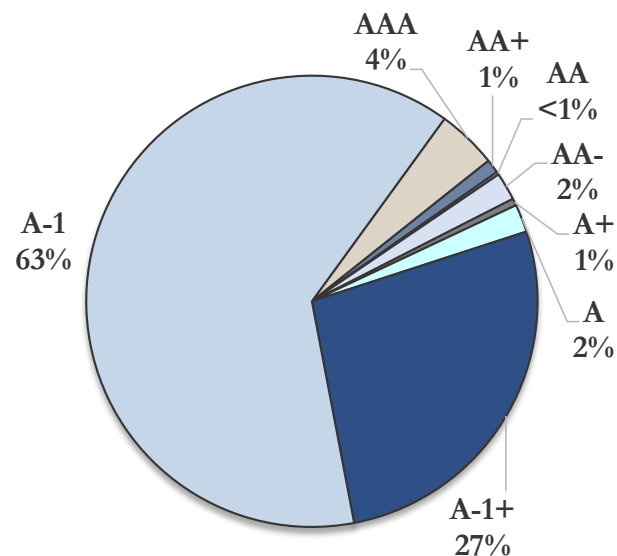
# Cash Reserve Portfolio Characteristics as of September 30, 2018

Total Fund Net Assets <sup>1</sup>	\$3,594,299,355	Weighted Average Maturity	31 Days
7-Day Net Yield <sup>2</sup>	2.19%	Net Asset Value per Share	\$1.00

Portfolio Sector Composition



Portfolio Credit Quality Distribution\*



Percentages may not total to 100% due to rounding.

1. Total fund net assets, portfolio holdings valued at amortized cost, trade date based.

2. As of September 30, 2018. The seven-day net yield of the CAMP Cash Reserve Portfolio may, from time to time, be quoted in reports, literature and advertisements published by the Trust. The seven-day net yield, also known as the current annualized yield, represents the net change, exclusive of capital changes and income other than investment income, in the value of a hypothetical account with a balance of one share (normally \$1.00 per share) over a seven-day base period expressed as a percentage of the value of one share at the beginning of the seven-day period. This resulting net change in account value is then annualized by multiplying it by 365 and dividing the result by 7. Past performance is not indicative of future results and yields may vary.

\* Ratings by Standard & Poor's

# Pooled Investment Comparison

- Features of each pool vary depending on the type of investment selected, and should be carefully reviewed before investing

CAMP <sup>1</sup>	
Net Asset Value (NAV)	Stable
S&P Rating	AAAm
Weighted Average Maturity	31 days
Interest Payment Frequency	Monthly

LAIF <sup>2</sup>	
Net Asset Value (NAV)	Stable
S&P Rating	Not Rated
Weighted Average Maturity	193 days
Interest Payment Frequency	Quarterly

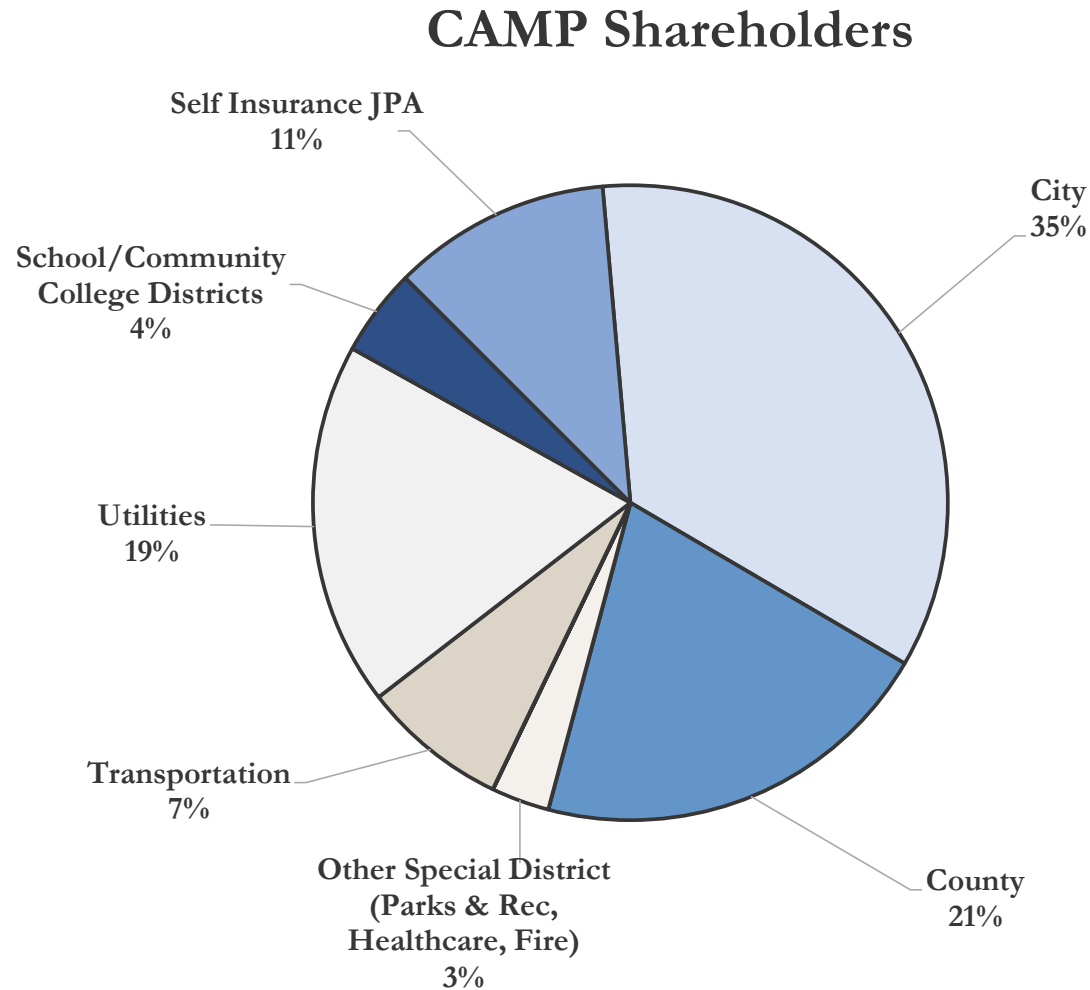
1. Source: CAMP website. As of September 30, 2018. Please see important disclosures at the end of this presentation.

2. Source: LAIF website. Weighted average maturity is as of September 30, 2018.

3. Updated monthly.

# Shareholders by Type

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1. As of March 31, 2018. Percentages are based on number of Shareholders.



# Listing of Shareholders



ACWA JPIA	City of San Rafael	Pooled Liability Assurance Network JPA
Alameda County	City of Santee	Quantification Settlement Agreement
Alameda County Mosquito Abatement District	City of Simi Valley	Rancho Murieta Community Services District
Alameda County Water District	City of Stanton	Rincon Del Diablo Municipal Water District
Amador County	City of Tustin	Sacramento Transportation Authority
Beach Cities Health District	City of Vista	Salida Area PFFA
Butte County	City of Watsonville	San Benito County
Calaveras County	City of West Sacramento	San Bernardino County
California Affiliated Risk Management Authorities JPA	City of Yorba Linda	San Bernardino County Transportation Authority
California Housing Workers' Compensation Authority	Coachella Valley Association of Governments	San Bernardino Valley Municipal Water District
California Transit Indemnity Pool JPA	Contra Costa County	San Diego Association of Governments
Castroville Water District	Contra Costa Water District	San Diego County Regional Transportation Commission
Central Marin Sanitation Agency	Delta Diablo	San Diego County Water Authority
City of Arcadia	Dublin San Ramon	San Joaquin Council of Governments
City of Bakersfield	East Bay Municipal Utility District	San Joaquin Hills Transportation Corridor Agency
City of Burlingame	East Bay Regional Park District	San Joaquin Regional Rail Commission
City of Concord	El Dorado Irrigation District	San Joaquin Transportation Authority
City of Davis	Elsinore Valley Municipal Water District	Santa Barbara County
City of Delano	Encina Wastewater Authority	Santa Fe Irrigation District
City of Delano	Fire Agencies Self Insurance System JPA	Santa Margarita Water District
City of Dixon	Foothill/Eastern Transportation Corridor Agency	Shared Agency Risk Pool
City of Dublin	Glenn County	Sierra County
City of El Cajon	Golden Gate Bridge, Highway & Transportation District	SIFA
City of El Segundo	Granada Sanitary District	Silicon Valley Clean Water
City of Encinitas	Gridley Redevelopment Agency	Siskiyou County
City of Eureka	Housing Authority of the City of Alameda	Solano County
City of Fairfield	Humboldt County	Sonoma County
City of Fremont	Independent Cities Risk Management Authority JPA	South Coast Water District
City of Grand Terrace	Inland Empire Utilities Agency	South Tahoe PUD
City of Highland	Jurupa Community Services District	Southgate
City of Huntington Beach	Kaweah Delta Health Care District	Statewide Association of Community Colleges JPA
City of La Canada Flintridge	Kern County	Sutter County
City of La Quinta	Leucadia County Water District	Tehama County
City of Lake Forest	Local Agency Workers' Compensation Excess JPA	Tiburon Fire Protection District
City of Lincoln	Mendocino County	Trinity County
City of Manteca	Merced Community College District	Tulare County
City of Mission Viejo	Merced County	Tuolumne County
City of Modesto	Merced Irrigation District	Turlock Irrigation District
City of Napa	Metropolitan Transportation Commission	Union Sanitary District
City of Palm Desert	Modesto City Schools	Vector Control JPA
City of Palo Alto	Modoc County	Vista Fire Protection District
City of Petaluma	Mono County	Vista Irrigation District
City of Rancho Cordova	Monterey County	Western Riverside Council of Governments
City of Roseville	Nevada County	Yolo County
City of San Carlos	Olivenhain Municipal Water District	
City of San Marcos	Plumas County	

Shareholders included those shareholders with account balances in excess of \$200,000 as of September 30, 2018. A full list is available upon request. This list does not represent an endorsement of PFM or its services.

# A Program Governed By Those It Serves

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The Board of Trustees comprises local government finance directors, treasurers, and executive directors



*As of September 30, 2018.*

# Professional Service Providers

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The Board of Trustees has contracted for all services with leading national firms

Services	Service Provider
<b>Investment Advisor</b>	PFM Asset Management LLC
<b>Custodian</b>	U.S. Bank National Association
<b>Auditor</b>	Ernst & Young, LLP
<b>Legal Counsel</b>	Nossaman LLP

# Disclaimer

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*This information is for institutional investor use only, not for further distribution to retail investors, and does not represent an offer to sell or a solicitation of an offer to buy or sell any fund or other security. Investors should consider the Trust's investment objectives, risks, charges and expenses before investing in the Trust. This and other information about the Trust is available in the Trust's current Program Guide, which should be read carefully before investing. A copy of the Trust's Program Guide may be obtained by calling 1-800-729-7665 or is available on the Trust's website at [www.camponline.com](http://www.camponline.com). While the Trust seeks to maintain a stable net asset value of \$1.00 per share, it is possible to lose money investing in the Trust. An investment in the Trust is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Shares of the Trust are distributed by **PFM Fund Distributors, Inc.**, member Financial Industry Regulatory Authority (FINRA) ([www.finra.org](http://www.finra.org)) and Securities Investor Protection Corporation (SIPC) ([www.sipc.org](http://www.sipc.org)). PFM Fund Distributors, Inc. is a wholly owned subsidiary of PFM Asset Management LLC.*

*PFM Asset Management LLC ("PFM") serves as CAMP's Program Administrator, Investment Adviser and Rebate Calculation Agent. PFM specializes in meeting the investment needs of public agencies. PFM is registered as an investment adviser with the Securities and Exchange Commission ("SEC") under the Investment Advisers Act of 1940.*

**ADMINISTRATIVE MATTERS**

**SUBJECT: Review of the 19<sup>th</sup> Annual Workshop Agenda**

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**BACKGROUND AND STATUS:**

Enclosed is a draft Agenda for ERMA's February 7, 2019, Annual Workshop. At this time, staff requests feedback from the Board of Directors regarding the proposed agenda and content.

As in prior years, the Annual Workshop will be held on a Thursday; with a Board of Directors meeting to follow, on Friday, February 8, 2018.

**RECOMMENDATION:**

*Staff recommends the Board of Directors direct staff to work with the President to finalize the agenda for the workshop.*

**REFERENCE MATERIALS ATTACHED:**

- Draft February 7, 2019, Annual Workshop Agenda



## **EMPLOYMENT RISK MANAGEMENT AUTHORITY (ERMA)**

### **19<sup>th</sup> ANNUAL WORKSHOP AGENDA**

**Thursday, February 7, 2019**

**11:00 a.m.**

**(Lunch will be provided)**

**Wine & Roses**

**2505 West Turner Road, Lodi, CA 95242**

**(209) 334-6988**

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In compliance with the Americans with Disabilities Act, if you need a disability-related modification or accommodation to participate in this meeting, please contact INSERT NAME 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.

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	A. President's Welcome
	B. Introductions
<b>2.</b>	<b>ERMA OVERVIEW</b>
	A. Review of Mission Statement
	*B. Accomplishments/Review of Goals & Objectives
	C. Status of ERMA Program
	*1. Claims Overview
	*2. Financial Overview
	*3. State of the Market Presentation
	D. Loss Prevention
	1. Live and Online ( <i>in2vate</i> ) Training
	2. Employee Reporting Line
	3. Member Risk Assessments
	4. Attorney Hotline
	5. State of the Program: Liebert Cassidy Whitmore & Jackson Lewis

**3. PLANNING AND PROJECTED OVERVIEW FOR 2019/20 AND BEYOND**

A. Financial

\*1. Review of Target Equity Ratios

\*2. Uses of Equity

\*B. Governance

\*1. Review of ERMA's Bylaws

\*2. Review of ERMA's Master Program Document

C. Policy Matters

1. Discussion Regarding City Council Training Requirements

D. Training

1. Ad Hoc Training Committee Update

**4. STRATEGIC OUTCOME**

\*A. Establish 2019/20 Goals & Strategic Objectives

**5. PRESENTATION BY DEFENSE PANEL ATTORNEY FIRM**

A. Best, Best and Krieger, LLP

1. TBD

**6. PRESENTATION BY DEFENSE PANEL ATTORNEY FIRM**

A. Lozano Smith

1. Senate Bill 1421 Update

**7. REVIEW OF SERVICE PROVIDERS**

A. Evaluation of Law Firms on Approved Defense Panel

B. Results of Vendor Services Survey

**8. SUMMARY OF THE DAY AND CLOSING STATEMENTS**

A. Closing Thoughts

\* Reference materials enclosed with staff report.

**ADMINISTRATIVE MATTERS**

**SUBJECT: Revisions to the Master Program Document for the Pooled Employment Practices Liability Program**

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**BACKGROUND AND STATUS:**

In a review of ERMA's Master Program Document, staff noted the following necessary amendments:

- Page 19: Language is added to Article V, Participation, Section B.2.(b) – Payments of Premiums and Other Charges, “A Member may be billed an additional amount because of Assessments to bring a Program Year into a state of actuarial soundness, or amounts due for other items.”
- Page 19: Section B.2.(e) of Article V, Participation is deleted.

**RECOMMENDATION:**

*Staff recommends the Board of Directors approve the revisions, as presented, to the Master Program Document for the Pooled Employment Practices Liability Program, effective November 5, 2018.*

**REFERENCE MATERIALS ATTACHED:**

- 2018/19 Master Program Document with changes shown in redline/strikeout text



**EMPLOYMENT RISK MANAGEMENT AUTHORITY**

**(ERMA)**

**MASTER PROGRAM DOCUMENT**

**FOR THE**

**POOLED EMPLOYMENT PRACTICES LIABILITY PROGRAM**

**(PEPLP)**

**AS AMENDED EFFECTIVE ~~FEBRUARY 10, 2017~~NOVEMBER 5,**  
**2018**

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# EMPLOYMENT RISK MANAGEMENT AUTHORITY

## MASTER PROGRAM DOCUMENT

### FOR THE

### POOLED EMPLOYMENT PRACTICES LIABILITY PROGRAM

### (PEPLP)

## ARTICLE I - GENERAL

### A. PURPOSE

1. The primary purpose in forming the Employment Risk Management Authority, hereinafter *ERMA*, is to create a method for providing coverage for legal damages incurred by the *Members* because of *Wrongful Employment Practices*. The Joint Exercise of Powers Agreement and the Bylaws have been created and duly approved to provide the *Members* with this coverage. This *Master Program Document*, hereinafter the MPD, for the Pooled Employment Practices Liability Program, hereinafter the PEPLP, sets forth the manner in which these services shall be delivered to the membership. In the event of a conflict among these governing documents, the Joint Exercise of Powers Agreement controls over the Bylaws, and the Bylaws control over this MPD.
2. The PEPLP shall use pooled sharing of operating costs and losses above the *Members' Retained Limits*. The PEPLP may purchase excess coverage or reinsurance above those limits provided by ERMA.
3. The PEPLP shall provide various *Retained Limits* from which the *Members* may choose, subject to the approval of the *Board of Directors*.
4. The *Board of Directors* has the right to alter the terms and conditions of the pooled underlying coverage in response to the needs and abilities of the PEPLP, the *Members*, and the availability of coverage from outside sources.
5. A summary of the *Limits of Coverage* and *Retained Limits* provided in *Program Years* is set forth in Appendix B.

### B. PROGRAM YEARS

1. A *Program Year* shall be defined as the losses incurred during the period from 12:01 a.m. Pacific time on July 1st of each year to 12:00am Pacific time on June 30th of the following year. The income and expenses of each *Program Year* shall be accounted separately from any other *Program Year's*

income or expenses.

2. The PEPLP shall charge a *Deposit Premium* to each *Member* at inception of each *Program Year* to fund the cost of losses and expenses anticipated for the life of the *Program Year*. The *Deposit Premium* shall consist of a premium to cover pooled losses, based on an actuarial projection of losses for the year and the exposure of loss presented by each *Member* plus a reasonable margin for contingencies, as well as *administrative expenses* and training expenses based on expected costs.
3. After a *Program Year* is at least five years old, *Retrospective Adjustments* may be made annually, subject to the discretion of the Executive Committee or the *Board*, and subject to criteria set forth in this MPD. The process for determining *Retrospective Adjustments* is set forth in Appendix A.
4. A *Program Year* cannot be completed until all *Claims* incurred during that *Program Year* are closed and it is probable that no new *Claims* for that *Program Year* will be made. The *Program Year* shall remain open until the *Board of Directors* authorizes closure based on its determination that known *Claims* for the year are closed, and no further *Claims* will be made.
5. To maintain the actuarial soundness of the PEPLP, the *Board of Directors* shall have actuarial studies done periodically and shall take appropriate action, as set forth in Article III – Premiums, Rates and Assessments, if a *Program Year* is found to be actuarially deficient.

## C. FINANCING THE PROGRAM

### 1. DEPOSIT PREMIUMS

*Deposit Premiums* shall be established as set forth in Article III.A.1.

### 2. CAPITAL CONTRIBUTION

In addition to the *Deposit Premium*, in ERMA's early years, each *Member* was required to make a capital contribution annually for the first five years of participation, which equated to 15% of loss funding premium collected, to provide a margin for greater confidence in the program and to build a fund that could be used for program years in need. The capital contribution was equal to the *Board*-approved capitalization rate per \$100 of payroll and was paid over a five-year period. All original funds have been allocated.

The capital contribution fund was reactivated in 2014 to receive funds dedicated to future training initiatives.

Capital contributions will not be dedicated to any one specific *Program Year*, but will be considered when determining the overall actuarial soundness of the PEPLP. The capital contribution amounts will be maintained in a separate equity account and will be returned in the same proportion as the return of other equity at the discretion of the *Board of Directors*. Capital contributions may be applied at the discretion of the *Board of Directors* to any *Program Year*.

### 3. BONDS OR DEBT INSTRUMENTS

- (a) Bonds or other debt instruments may be used to fund one or more *Program Years*. However, *Members* shall be responsible only for the retirement of such debt for the *Program Years* in which they participate. Such retirement of debt shall be calculated into the rates and deposit premiums.
- (b) Upon a two-thirds vote of the *Board of Directors*, debt financing can be authorized for any legal purpose; however, any debt so incurred shall be the debt of *ERMA* and not the debt of any *Member*, unless each *Member*, in writing, authorizes the debt and accepts responsibility for its payment.
- (c) Any monies collected or earned by *ERMA* may be used to retire such debts.

### 4. ASSESSMENTS

*Assessments* may be made at the discretion of the *Board of Directors*, when the PEPLP, as a whole, is found to be actuarially unsound. *Assessments* shall be determined as set forth in Article III, C. 2.

## D. AMENDMENTS TO THIS MASTER PROGRAM DOCUMENT

- 1. This MPD may be amended by a two-thirds vote of the Executive Committee or *Board of Directors*, provided prior written notice has been given to the *Members*.
- 2. The *Members* may repeal such amendments by a majority vote at the next regular or special meeting of the *Board* after the effective date of the amendment.

## ARTICLE II - COVERAGE

### A. GENERAL DESCRIPTION

#### 1. COVERAGE PROVIDED

- (a) The Memorandum of Coverage, and any endorsements thereto, shall provide the terms, conditions, limitations and exclusions for the defense and indemnification of covered parties, as defined, for liability because of

*Wrongful Employment Practices*. The Memorandum of Coverage shall be reviewed annually and approved by the *Board of Directors*.

- (b) An account shall be established from which losses and expenses of the PEPLP shall be paid. Although the intent of the PEPLP is to provide pooled coverage, coverage may be obtained, either partly or wholly, from commercial insurance or reinsurance if it is to the financial advantage of the PEPLP as determined by the *Board of Directors*. In making its determination, the *Board* shall consider the objectives of security, minimizing costs to the PEPLP, and the desire of the *Members* for a particular type of coverage. Any such commercial insurance shall have an A.M. Best Rating Classification of A or better and an A.M. Best Financial Rating of VII or better, or their equivalents.

## 2. *LIMITS OF COVERAGE*

- (a) The PEPLP shall provide, where economically practical, *Limits of Coverage* of at least \$1,000,000 per occurrence.
- (b) The *Board of Directors* may authorize choices of limits less than \$1,000,000 by the *Members*.

## 3. *RETAINED LIMITS*

- (a) The pooled coverage shall be excess of the *Retained Limits* as recommended by the Administrator, chosen by each *Member*, and approved by the *Board of Directors*. The Administrator shall consider, among other factors, the financial needs of the *Members* when establishing the choices of *Retained Limits*. The *Board of Directors* may alter the choices of *Retained Limits*, increase *Retained Limits* for *Members* which do not substantially comply with elements of the PEPLP, and institute Aggregate Stop Loss coverage, as described below, or other forms of retentions as the financial strength of the PEPLP dictates.
- (b) The *Board of Directors* may offer annual aggregate limitations to the repeated cost of the *Retained Limit* payments by a *Member* in any *Program Year*. This form of coverage shall be called Aggregate Stop Loss and is further defined in Article II, A, 3, (b).
- (c) A participating *Member* may elect to change its *Retained Limit* after its first year in the program, but any request to lower a *Retained Limit* is effective only with approval of the *Board of Directors*. Any change in the *Retained Limit* shall be for a complete *Program Year* and must be received by the *Board of Directors* at least thirty (30) days prior to the inception of the new *Program Year* in which the change is to be effective.

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.

- (d) Each *Member* shall bear the costs of its *Claims*, including defense and related costs, up to the amount of its *Retained Limit*. This expense shall be borne by the individual *Member* to the extent such costs are not limited by an *Aggregate Stop Loss*. *Members* shall report all payments made within their *Retained Limits* to ERMA to ensure efficient claims control and actuarial analysis.

#### 4. COVERAGE TERM, RENEWAL, AND CANCELLATION

The coverage term shall be the same period of time as the *Program Year*. Cancellation of coverage by withdrawal of a *Member* shall be permitted only at the end of any *Program Year*. The timing of cancellation of coverage by expulsion of a *Member* shall be as determined by the *Board of Directors*.

### B. MEMORANDUM OF COVERAGE

1. The President shall appoint a Coverage Committee, which may consist of up to three (3) members of the *Board of Directors*. The members of the Committee shall remain as members until such time as the President relieves them of their duties. Each year, prior to the last *Board of Directors* meeting of the *Program Year*, the Committee shall review, as necessary, the Memorandum of Coverage and recommend changes, where appropriate, for the next *Program Year*. The Committee shall consider the desires of the *Members* for coverage as well as the financial impact such coverage may have on the PEPLP. The *Board of Directors* shall evaluate and, if appropriate, approve the recommendations of the Committee and adopt the Memorandum of Coverage for the next *Program Year* prior to or at the last regular or special meeting of the expiring *Program Year*.
2. The *Board of Directors* shall evaluate and, if appropriate, approve the recommendations of the Committee and adopt the Memorandum of Coverage for the next *Program Year* prior to or at the last regular or special meeting of the expiring *Program Year*.
3. Notwithstanding Section B.1., above, the *Board of Directors* may, from time to time, amend the coverage provided in the Memorandum of Coverage, purchase excess insurance or reinsurance, or participate in other pooling arrangements authorized by the Government Code, based on the needs of the PEPLP and the *Members*, costs, funding, available insurance, and other relevant factors.



C. DISTRIBUTION

A copy of this MPD and the current Memorandum of Coverage shall be provided to each *Member* in each year that changes are adopted. All endorsements or other changes to the PEPLP shall be distributed to the *Members as made*. All documents shall be deemed to be provided to the *Member* if the representative for the *Member* personally receives a copy of such document, if the document has been duly mailed in the U.S. Postal system, or if the document is posted to the official ERMA website and notice thereof has been mailed in the U.S. Postal system or sent via email to the *Member*.

**ARTICLE III - PREMIUMS, RATES AND ASSESSMENTS**

A. ADMINISTRATIVE EXPENSES, TRAINING EXPENSES AND DEPOSIT PREMIUM CALCULATIONS

1. DEPOSIT PREMIUMS

- (a) The Administrator, in conjunction with an actuary, shall annually establish rates and *Deposit Premiums*, subject to *Board* approval, adequate to fund the actuarially determined losses in the pooled layer of the PEPLP, including defense costs and other claims-related expenses, the cost of excess coverage, and the projected administrative costs and training costs, including retirement of debt, if any, of the PEPLP.
- (b) The annual *Deposit Premium* for each *Member* shall be calculated utilizing (1) the actuarially determined expected losses for the PEPLP, (2) a capital contribution during the first five years of participation equal to or exceeding 15% of the amount needed to cover defense and indemnity (if applicable – required in ERMA’s early years, but not currently applied), (3) a charge for excess insurance or reinsurance, if any, (4) a charge for the *Administrative Expense* of the PEPLP, and (5) a charge for the Training Expense of the PEPLP as determined by the Administrator.
- (c) The *Administrative Expense* charged to each *Member* is calculated by allocating the total *Administrative Expenses* required for the upcoming *Program Year* among the *Members* based on the payroll for each *Member*. This expense may be modified by experience at the discretion of the *Board of Directors*.
- (d) The training expense charged to each *Member* is calculated by allocating the total training expenses required for the upcoming *Program Year* among the *Members* based on the payroll for each *Member*. This expense may be modified by experience at the discretion of the *Board of Directors*.

- (e) Payroll as of December 31<sup>st</sup> of the year preceding the commencement date of a new *Program Year*, inflated by no more than 5%, will be utilized in determining the *Deposit Premium* calculation. Payroll shall be submitted for the four calendar year quarters using reported payroll on DE-9C payroll reports by February 15<sup>th</sup> of the new program year.

## 2. EXPERIENCE MODIFICATION

- (a) Each Member may be evaluated each year for an experience modification credit or debit based on no more than the past six years of experience. At the discretion of the Board of Directors, all or a portion of the six years of experience may be used in the calculation of the experience modification factor.
- (b) The calculation of the credit or debit shall include the actual loss experience of each individual *Member* as it relates to the average loss experience of the group as a whole. The criteria which shall be used is the relationship of actual average loss experience over the period being rated as it relates to the average payroll for the same period.
- (c) The Board has the discretion to apply a credibility factor and to establish upper and lower limitations on the maximum and minimum experience modifications.

## 3. PROGRAM ADMINISTRATIVE BUDGET

Each *Program Year* shall have its own administrative budget to cover the costs of operating and maintaining the administrative functions of the PEPLP for that year. This budget shall include, but not be limited to, the following expenses:

- (a) Financial and claims auditing;
- (b) Program management services;
- (c) Legal services;
- (d) Claims adjusting for *Claims* which exceed the *Retained Limits*;
- (e) Actuarial services;
- (f) Insurance expense;
- (g) Investment and banking fees;
- (h) The cost of administrative materials; and

- (i) A provision for other minor miscellaneous costs.

#### 4. PROGRAM TRAINING BUDGET

Each *Program Year* shall have its own training budget which shall cover the costs of operating and maintaining the training and loss control functions of the PEPLP for that year. This budget shall include, but not be limited to, the following expenses:

- (a) Costs for training workshops and loss prevention programs;
- (b) Costs for employment related legal assistance; and
- (c) Costs for compliance auditing for (a) and (b) above, if deemed necessary.

#### B. UNDERWRITING CREDITS/DEBITS

The *Board of Directors*, at its discretion, may impose credits or debits where warranted because of some inequity that would otherwise be encountered.

#### C. ADJUSTMENTS TO ACCOUNT BALANCES

##### 1. ESTABLISHMENT OF THE LEVEL OF FUNDING

- (a) The confidence level used for determining the funding requirements of the PEPLP and the *Program Year Deposit Premiums* will be determined by the Administrator and approved by the *Board of Directors*; however, the confidence level shall not be lower than 70 percent or the amount needed to cover expected losses.
- (b) Interest rates for the type of investments utilized by the PEPLP may be used to determine the amount of funds necessary to meet the selected confidence level for the PEPLP, but, such interest rate shall not exceed seven percent.
- (c) Reserves for each *Program Year* shall be actuarially determined and shall be sufficient to maintain the overall funding to meet the approved confidence level.

##### 2. ASSESSMENTS

- (a) When a *Program Year* is actuarially unsound, the Administrator, with the assistance of an actuary, will determine to what extent, if any, the PEPLP as a whole is not *actuarially sound*.
- (b) The PEPLP is not *actuarially sound* when the available reasonably estimable reserves are less than the amount of reserves required at the expected

confidence level, including expected interest earnings. Reserves are reasonably estimable on a *Program Year* when it is at least three years old.

- (c) If the PEPLP is not *actuarially sound*, the *Board of Directors* may, at its discretion, impose an *Assessment* against all *Members* participating in the deficient *Program Year(s)*. Each *Member's Assessment* shall be determined by the proportion which that *Member's Deposit Premium* for that year relates to the total *Deposit Premium* paid by all *Members* for that year.
- (d) If the PEPLP as a whole is *actuarially sound*, the *Board of Directors* may, at its sole discretion, assess the *Members* who participated in any *Program Year* that is not *actuarially sound*.
- (e) A program year or years that are not *actuarially sound* will be adjusted annually with the Retrospective Adjustment Process discussed in the next section.

### 3. *RETROSPECTIVE ADJUSTMENTS*

The Retrospective Adjustment Process defines the methodology by which program years that are a full five years old are adjusted annually. The Retrospective Adjustment Process is defined in ERMA's Financial Stability Plan, as approved by the *Board of Directors*, and appears in its entirety in Appendix A.

## D. *CLOSED PROGRAM YEARS*

- 1. The *Board of Directors* may close a *Program Year* as described in Article I, B.
- 2. Upon closure of a *Program Year*, a final calculation of account balances shall be made as described in ERMA's Financial Stability Plan, specifically the Retrospective Adjustment Process, and found in Appendix A. The account balances shall be returned to the *Members* at the discretion of the *Board of Directors* based on the percentage of *Deposit Premium* paid by each *Member* for that *Program Year*.
- 3. The *Board of Directors* retains the right to assess *Members* which participated in a closed *Program Year* if such *Program Year* incurs additional expenses after closure.

## **ARTICLE IV - ADMINISTRATION**

### A. *ORGANIZATION AND RESPONSIBILITIES*

#### 1. *RELATION TO ERMA STRUCTURE*

- (a) This MPD supplements the Bylaws. In the event of a conflict between the

Bylaws and this MPD, the Bylaws control. From time to time, resolutions of the Executive Committee or *Board of Directors* may be adopted which may take precedence over this MPD for a limited period of time; however, any change thus enacted by resolution that is intended to last beyond six months shall be expressly incorporated into and amend this MPD.

- (b) The Administrator shall be the Program Administrator for the PEPLP and shall report to the Executive Committee or *Board of Directors* of *ERMA*.
- (c) A Litigation Manager shall be selected by the Program Administrator and approved by the *Board of Directors* to supervise the handling of *Claims* and report to the Program Administrator and the *Board of Directors*, as requested by the *Board*.

## 2. *BOARD OF DIRECTORS'* RESPONSIBILITIES

- (a) The *Board of Directors* shall meet at least one (1) time per year to review the developments and performance of this PEPLP as part of a general or special *Board of Directors* meeting.
- (b) The *Board of Directors* may delegate to the Executive Committee any of its responsibilities not otherwise reserved to the Board in the Joint Exercise of Powers Agreement or Bylaws.
- (c) The *Board of Directors* shall review and have authority to override all decisions made by the Executive Committee.

## 3. EXECUTIVE COMMITTEE RESPONSIBILITIES

An Executive Committee may be established and, if so, shall have the following duties with respect to the PEPLP:

- (a) Direct proposals for outside service contracts including, but not limited to, program administration, claims adjusting, actuarial services, and financial and claims audit services.
- (b) Supervise the management of claims including, but not limited to, the review of loss reserves and claims expenses.
- (c) Provide policy and guidance to the Litigation Manager with regard to management of specific claims where the Litigation Manager requests such direction or where he or she lacks authority to establish such policy.
- (d) Settle any claim equal to or less than the limit of coverage for *ERMA*. However, such authority shall only apply to those claims for which the

Ultimate Net Loss is in excess of the settlement authority given to the Litigation Manager and above the *Retained Limit* of the *Member*.

- (e) Hear all disputes regarding the selection of defense counsel on a particular case brought to it by the *Member* for which such defense counsel was chosen.

#### 4. ADMINISTRATOR'S DUTIES AND RESPONSIBILITIES

##### (a) GENERAL

- (i) The Program Administrator shall use his or her best efforts to administer the PEPLP so as to achieve the objectives and goals of the PEPLP and *ERMA*.
- (ii) The Program Administrator shall administer the PEPLP in a manner that will provide claim and cost accountability for each *Program Year*, separate and apart from all other *Program Years*, and from other programs of *ERMA*.

##### (b) CLAIMS ADMINISTRATION

The Program Administrator shall:

- (i) Resolve disputes between a *Member* and the Litigation Manager, Claims Adjustor or Investigator;
- (ii) Prepare an annual report showing claims activity, paid claims, case reserves, *obligated reserves*, and status of pooled funds of each *Program Year* for each *Member*;
- (iii) Obtain the services of a claims auditor and present the findings to the Executive Committee or *Board of Directors*, if the cost of these services is within the approved annual budget; and
- (iv) Coordinate with the Litigation Manager, whose duties are outlined in Section 5, Litigation Manager.

##### (c) FINANCIAL DUTIES

The Program Administrator shall:

- (i) Prepare a budget for each *Program Year* for approval by the *Board of Directors* before the beginning of the *Program Year*;
- (ii) Prepare an annual report comparing each *Program Year's* budgeted to actual expenditures;

- (iii) Ensure that *Retrospective Adjustments* for previous *Program Years* and rates and *Deposit Premiums* for each new *Program Year* are calculated in the manner described in Article III;
  - (iv) Obtain actuarial services and present the findings to the Executive Committee or *Board of Directors*, provided the cost of such services is within the approved annual budget;
  - (v) Evaluate and present to the Executive Committee or *Board of Directors* the recommendations of the actuarial studies with recommended actions where *Program Years* are, or are likely to be, actuarially unsound in the near future;
  - (vi) Engage the services of an independent financial auditor selected by the Executive Committee or *Board of Directors* and present the findings to the Executive Committee or *Board of Directors*, provided the cost of these services is within the approved annual budget; and
  - (vii) Present financial audits to the Executive Committee or *Board of Directors*.
- (d) ACCOUNTING RESPONSIBILITIES

The Program Administrator shall:

- (i) Invoice *Member Entities* for *Deposit Premiums* and other amounts due;
- (ii) Report to the Executive Committee or *Board of Directors* any invoices not paid and outstanding for more than thirty (30) days;
- (iii) Prepare vouchers, invoices, or other demands for payment for approval by the President and, upon approval, submit the demands to the Treasurer for payment;
- (iv) Maintain detailed financial records of all income, expenses, cash deposits, and withdrawals;
- (v) Maintain financial records according to generally accepted accounting principles; and
- (vi) Present timely quarterly and annual financial statements to the Executive Committee or *Board of Directors*.

(e) LOSS CONTROL SERVICES/TRAINING/COMPLIANCE AUDIT

The Program Administrator shall:

- (i) Assist the *Members* in the evaluation of their employment related policies, practices and procedures regarding exposures that may result in claims, and report the evaluations to the Executive Committee or *Board of Directors*;
- (ii) Recommend to the Executive Committee or *Board of Directors* loss control and training programs for adoption;
- (iii) Assist the *Members* in establishing loss control programs and training programs;
- (iv) Evaluate the efficiency of the loss control and training programs and report such findings to the Executive Committee or *Board of Directors*; and
- (v) Establish compliance auditing standards to ensure participation in the established loss control and training programs adopted by the *Board of Directors* or Executive Committee.

5. LITIGATION MANAGER

The Litigation Manager shall:

- (a) Oversee, generally, all liability claims administration and management, supervise the daily operations of handling *claims* for the PEPLP, and report to the Program Administrator on such operations.
- (b) Have the authority to settle any claim with an Ultimate Net Loss, as defined in the Memorandum of Coverage applicable to that claim, equal to or less than one hundred thousand dollars (\$100,000) in excess of the *Retained Limit* of the *Member* involved.
- (c) Assist the Program Administrator in the selection of an approved defense counsel, claims adjusting, loss prevention and investigation services, if those services are required, including evaluation of quality and price of services in the defense, claims handling, investigation and reporting services;
- (d) Oversee performance of the approved defense counsel, claims adjustor, and loss prevention and investigation services, with special emphasis on the handling of open claims, including:
  - (i) review all open claims valued in excess of 50 percent of the individual *Member's Retained Limit* and, if necessary, recommend



action on such claims;

- (ii) Review all open claims in which an outside investigator has been retained by the *Member* or *ERMA*, and
  - (iii) review monthly claims reports and relate to the Executive Committee or *Board of Directors* any significant trends that may be developing.
- (e) Assist the Program Administrator in presenting claims audits to the Executive Committee or *Board of Directors*, with recommendations of changes in claims procedures where appropriate.
  - (f) Perform a quarterly review of claims files including new claims likely to exceed 50 percent of the *Member's Retained Limit*, claims in which an outside investigator has been retained by the *Member* or *ERMA*, and those claims for which a *Member*, the Executive Committee, or the *Board of Directors* has requested a specific review;
  - (g) Review, at least quarterly, all open claims in excess of the involved *Member's Retained Limit* and, if necessary, recommend action on such claims;
  - (h) Report to the Executive Committee or *Board of Directors* at each meeting, summarizing the active claims of general interest to the *Members* and claims for which a *Member*, the Executive Committee, or the *Board of Directors* has specifically requested a review;
  - (i) Assist the *Members* in training their personnel in the correct procedures for response to employees and reporting of incidents or claims
  - (j) Advise, where needed, on the setting and changing of reserves for claims;
  - (k) Report to any excess insurance or reinsurance obtained by ERMA all claims that meet the reporting requirements of such excess insurance or reinsurance;
  - (l) For those *Members* with excess insurance or reinsurance other than that obtained by ERMA, provide notice to the *Member* in the acknowledgement of the claim that the claim may need to be reported to the *Member's excess* insurance or reinsurance, and suggest the *Member* check the reporting requirements of any such excess carrier or reinsurance; and provide notice to the *Member* and its pool administrator, if any, when the claim has reached 50 percent of the ERMA layer.
  - (m) Ensure that the *Member* is advised of ERMA's coverage position on a claim as soon as practicable.

- (n) Monitor and evaluate the effectiveness of the defense firms;
- (o) Advise the Board on recommendations for settlement of claims in excess of \$100,000.00;
- (p) Answer inquiries from *Members* regarding claims or procedures;
- (q) Establish a list of attorneys who have demonstrated proficiency in defending employment actions against public agencies;
- (r) After consultation with the *Member* as set forth in Article VI F, select defense counsel, if needed, for each claim where the Ultimate Net Loss, as defined in the Memorandum of Coverage, is at least 50 percent of the involved *Member's Retained Limit*;
- (s) Review the performance of the claims adjuster or investigator's personnel assigned to *ERMA's* account with special emphasis in the handling of open claims;
- (t) Advise and assist the Program Administrator in the selection of claims adjusting and investigation providers/companies;
- (u) 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;
- (v) Annually provide to the Executive Committee or *Board of Directors* a review and evaluation of all panel defense counsel, including performance and costs; and
- (w) Provide other services as may reasonably be requested by the *Member*, Executive Committee or the *Board of Directors*.

## B. REPORTS AND SCHEDULES

### 1. FINANCIAL REPORTS

- (a) Unaudited, annual financial statements shall be presented to the Executive Committee or *Board of Directors* within 150 days after the end of the fiscal year. These reports will include:
  - (i) A balance sheet,
  - (ii) An income statement, and
  - (iii) A statement of account balances for each *Program Year* by *Member*.
- (b) Unaudited, quarterly financial statements shall be presented to the Executive Committee or *Board of Directors* within 60 days after the end of the quarter. These reports will include a balance sheet and income statement.
- (c) A signed audited financial statement for the *Program Year* shall be presented to the Executive Committee or *Board of Directors* within 150 days after the end of the *Program Year*.

### 2. CLAIMS REPORTS

- (a) Quarterly claims reports shall be presented to the *Members* within 30 days after the end of the quarter. These reports will include:
  - (i) Status of each claim by *Program Year* including case reserves, allocated claims reserves, amounts paid for indemnity, and allocated claims expense; and
  - (ii) Summary of number of claims, total claims reserves, and total paid expenses by *Program Year* for each *Member*.
- (b) Special reports shall be prepared when reasonably requested by the Executive Committee or *Board of Directors*.
- (c) A claims audit report shall be obtained at least every other year, including a statement of adequacy of claims procedures and accuracy of the claims data.

### 3. ACTUARIAL STUDIES

- (a) An actuarial report shall be obtained as determined by the Executive Committee or *Board of Directors*, which shall evaluate the adequacy of reserves for each open *Program Year*.
- (b) The actuarial report shall also include loss projections for future *Program*

*Years* based on the experience of the PEPLP.

C. LOSS CONTROL SERVICES/TRAINING/COMPLIANCE AUDITING

*ERMA* will provide loss control services, training, and compliance auditing to the *Members*, as needed, to minimize claims expenses and reduce loss exposures for the PEPLP.

**ARTICLE V - PARTICIPATION**

A. ELIGIBILITY AND APPLICATION

1. ELIGIBILITY

- (a) Only *Members* of ERMA may participate in the PEPLP.
- (b) Each *Member* must initially commit to at least three full *Program Years* of participation in the PEPLP.
- (c) Each prospective *Member* of ERMA must submit an application along with a non-refundable application fee of \$2,500 (prospective *Member* JPA) or \$1,000 (prospective direct *Member*) and provide a completed and signed resolution obligating the prospective *Member* to participate for the required three years and accepting the rules and policies set forth in the PEPLP governing documents. The resolution shall also state the *Retained Limit* desired by the prospective *Member*. The prospective *Member* shall, if practicable, submit five years of wrongful employment practices loss experience, complete an Underwriting Information Sheet, complete an Exposure Analysis Questionnaire, and provide copies of the last four quarterly DE-9C, Federal 941 or J200 payroll reports, if required, or, upon approval of the Executive Committee or *Board of Directors*, the current number of full-time equivalent employees.

For the initial *Program Year* or for latter years at the discretion of the *Board of Directors*, the underwriting and submission of data requirements listed above may be waived.

- (d) The prospective *Member* shall provide the application and applicable fee, resolution form, the experience and underwriting information, and the DE-9C, Federal 941 or J200 payroll information at least 60 days prior to the inception of the *Program Year* in which its participation will commence, or on which it desires coverage to commence.
- (e) Those *Members* affiliated with a primary JPA shall be provided extended coverage under the Memorandum of Coverage for their primary JPA's Board

of Directors and JPA employees, provided at least 50%, by payroll, of that primary JPA's members participate in *ERMA* and/or 50% of the primary JPA's total members participate in *ERMA*. This coverage shall be added by endorsement to the Memorandum of Coverage.

## 2. APPROVAL OF APPLICATION

- (a) An Underwriting Committee, appointed by the President, shall review the membership application and other underwriting and experience criteria of the prospective *Member*. The Underwriting Committee shall make a recommendation to the Executive Committee or *Board of Directors* regarding approval of the prospective *Member*.
- (b) The Executive Committee or *Board of Directors* shall, from a review of the membership application, other underwriting and experience criteria, and the advice of the Underwriting Committee and Program Administrator, determine the acceptability of the exposures presented by the prospective *Member*.
- (c) The Administrator shall advise the prospective *Member*, in writing, of the decision of the Executive Committee or *Board of Directors* within 15 business days after the decision.

## 3. DATE OF MEMBERSHIP

It is preferable that a new *Member* enter the PEPLP at the commencement of a *Program Year*. If the new *Member* enters at any other time, the *Deposit Premium* may be prorated for the remainder of the *Program Year*, and covered losses of the new *Member* which occur on or after the date of membership will be paid; however, the new *Member* shall be required to share losses for the pool for the entire year, just as if it had begun its membership at the commencement of the *Program Year*.

## 4. APPLICATION FEE CREDIT

Following completion of the first *Program Year*, the *Member* will receive a credit in an amount equal to the fee remitted upon application for membership. This will be issued in the form of a premium credit, applicable to the *Members'* second year *Deposit Premium*.

## B. MEMBERS' DUTIES

### 1. PROVIDE UNDERWRITING INFORMATION

- (a) Each *Member* shall provide payroll information based on the State DE-9C, Federal 941, or J200 payroll reports, and if practicable provide copies of the

DE-9C, Federal 941, or J200 payroll reports quarterly within fifteen days after filing with the State or Federal Government; or upon approval of the Executive Committee or *Board of Directors*, provide the full-time equivalent number of employees for the *Member* on an annual basis.

- (b) Each *Member* shall cooperate with *ERMA* in the claims management, loss control, training, underwriting, and actuarial activities of *ERMA*.

## 2. PAYMENT OF PREMIUMS AND OTHER CHARGES

- (a) Each year, no later than July 1<sup>st</sup>, *ERMA* shall bill each *Member* its *Deposit Premium* for the next *Program Year*. The annual billing shall be due and payable on July 15<sup>th</sup>, and shall be delinquent if not paid on or before the last working day in July.
- (b) A *Member* may be billed an additional amount because of *Assessments* to bring a *Program Year* into a state of actuarial soundness, or amounts due for other items. This billing is due and payable upon receipt, and delinquent if not paid on or before thirty (30) calendar days after receipt. The date of receipt shall be determined as the date the billing was presented in person to a representative of the *Member*, or posting the billing in the U.S. Mail, or the date sent via electronic mail.
- (c) Any *Member* which has formerly participated in the PEPLP, but has withdrawn as a *Member*, shall be required to pay all applicable billings for the *Program Years* in which it participated. Delinquent billings shall be treated in the same manner as set forth above, as if the withdrawn *Member* were still a *Member*.
- (d) The penalties and interest described below will be strictly enforced. *Members* may only use those payment methods specifically approved by the Executive Committee or *Board of Directors*.
- ~~(e) Penalties for Delinquent Payments — *Members* with delinquent amounts due and payable to *ERMA* shall be assessed a penalty as prescribed in the Bylaws.~~
- ~~(ef)~~ Interest on Delinquent Amounts Due and Payable - Interest shall accrue on all delinquent amounts due and payable to *ERMA* at the rate as prescribed in the Bylaws.
- ~~(gf)~~ Failure to Pay Billings, Penalties, or Interest - Failure to pay billings, penalties, or the accrued interest shall be considered grounds for removal of the *Member* from the PEPLP and may result in the expulsion of the *Member* from *ERMA* according to the *ERMA* Agreement.

- (hg) Penalties for Non-Payment by Former Members - Failure to pay billings, penalties, or accrued interest thereon shall constitute a breach of the agreement between the former *Member* and *ERMA*. The former *Member* shall be liable for the billings, penalties, accrued interest, and all costs incurred by *ERMA* in the enforcement of all provisions set forth in this MPD, the Bylaws, and the Joint Exercise of Powers Agreement.

#### C. DUTY TO REPORT CLAIMS

Timely reporting of claims is essential to efficient claims and litigation management. Failure to timely report any claim, as defined in the Memorandum of Coverage, to *ERMA* may result in denial of that claim or other penalties, as set forth in the Memorandum of Coverage.

#### D. TERMINATION OF PARTICIPATION

1. A *Member* in one *Program Year* shall participate in the next *Program Year* unless, at least six months before the commencement of the next *Program Year*:
  - (a) a written request to terminate participation is received from the *Member*, or
  - (b) a written termination notice from the Executive Committee or *Board of Directors* has been sent to the *Member*.
2. Termination of participation in future *Program Years* does not relieve the terminated *Member* of any benefits or obligations of those *Program Years* in which the *Member* participated. These obligations include payment of *Assessments*, *Retrospective Adjustments*, wrap up costs, or any other amounts due and payable.
3. The Executive Committee or *Board of Directors* may terminate future participation by a *Member* for the following reasons:
  - (a) Termination as a *Member* of *ERMA*;
  - (b) Declination to cover the *Member* by the organization, if any, providing excess insurance or reinsurance or pooled excess coverage;
  - (c) Nonpayment of past billings, *Assessments*, *Retrospective Adjustments*, or other charges;
  - (d) Habitual late payment of billings, *Assessments*, *Retrospective Adjustments*, and/or other charges, or habitual late response in submitting data required by *ERMA*;
  - (e) Failure to provide underwriting information as defined herein;

- (f) Development of an extraordinarily poor loss history;
- (g) A substantial change in exposures which are not acceptable in the PEPLP;
- (h) Financial impairment, including bankruptcy, which may jeopardize the PEPLP's ability to collect amounts due in the future;
- (i) Failure to comply with loss control services, training, or compliance auditing programs adopted by *ERMA*;
- (j) Conduct detrimental to *ERMA*; and/or
- (k) Termination of the *Member* by its primary joint powers authority.

## **ARTICLE VI - CLAIMS ADMINISTRATION**

### **A. SELECTION OF ADJUSTOR OR INVESTIGATION FIRM**

The *Board of Directors* or Executive Committee shall review proposals for claims adjusting and investigation services, if those services are deemed necessary. The Executive Committee will make recommendations if necessary to the *Board of Directors* regarding the qualifications of the proposals. The adjusting and investigation company shall have the capacity and shall report claims activities in such a manner that the segregated accounting requirement of the PEPLP can be easily administered.

### **B. CLAIMS AUDIT**

- 1. At least once every two years, the adequacy of claims adjusting shall be examined by an independent auditor who specializes in claims auditing.
- 2. The Administrator shall obtain the services of a claims auditor and present the findings to the Executive Committee or *Board of Directors*, if the cost of these services is within the approved annual budget.
- 3. The claims audit report shall address the issues of adequacy of claims procedures and accuracy of claims data.

### **C. AUTHORITY'S RIGHT AND DUTY TO DEFEND**

The Authority's right and duty to defend a claim shall be defined in the Memorandum of Coverage.

### **D. SETTLEMENT AUTHORITY**



1. Each *Member* shall have input with regard to settlement authority for its claims that do not exceed its *Retained Limit*; however, when a claim's incurred costs reach one-half of the *Member's Retained Limit*, or when a *Member* retains an outside investigator to investigate a claim, all information concerning the claim shall be provided to the Litigation Manager. The Litigation Manager shall continue to keep the *Member* fully informed on the progress of the claim, and shall consult with the *Member* regarding any settlement within or above the *Member's Retained Limit*. The *Member* shall fully cooperate in all matters pertaining to the claim.  
The *Authority* shall have the right to assume the control of the negotiation, investigation, defense, appeal, or settlement of any *Claim* the *Authority* determines, in its sole discretion, to have reasonable probability of resulting in an *Ultimate Net Loss* in excess of the applicable *Retained Limit*. The *Covered Parties* shall fully cooperate in all matters pertaining to such *Claim* or proceeding.
2. The Litigation Manager shall have the authority to settle any claim with an Ultimate Net Loss, as defined in the Memorandum of Coverage applicable to that claim, equal to or less than one hundred thousand dollars (\$100,000) in excess of the *Member's Retained Limit*.
3. The Executive Committee or *Board of Directors* shall have the authority to settle any claim in an amount equal to or less than the limit of coverage of *ERMA*. However, such authority shall only apply to those claims whose Ultimate Net Loss is in excess of the settlement authority given to the Litigation Manager and above the *Member's Retained Limit*.

E. DISPUTES REGARDING MANAGEMENT OF A CLAIM

1. Any dispute between a *Member* and the Litigation Manager, claims adjuster or investigator shall be brought to the attention of the Program Administrator who shall attempt to resolve the dispute and/or refer it to the Executive Committee or *Board of Directors*. Any decision by the Program Administrator may be appealed to the Executive Committee or *Board of Directors*.
2. Any settlement decision or other decision made by the Litigation Manager may be appealed; however, such appeal shall be in writing to the Executive Committee or *Board of Directors* within 30 days of the date of the Litigation Manager's decision.
3. When an appeal has been filed, the Executive Committee or *Board of Directors* shall hear the appeal within 60 business days.

F. SELECTION OF DEFENSE COUNSEL

1. A panel of approved defense attorneys shall be proposed by the Litigation Manager, with input from the Members, and approved by the *Board of Directors*. The Executive Committee or *Board of Directors*, at its discretion, may periodically

review the panel of defense attorneys and remove or add attorneys to that panel.

2. Nothing in this section shall be construed to limit the right of a *Member* to retain its own defense counsel to represent the *Member* in any litigation. If, however, a *Member* retains counsel other than the counsel assigned by the Litigation Manager, or, in the case of an appeal of the Litigation Manager's decision, a decision by the Board, the *Member* shall be solely responsible for that counsel's attorney's fees and costs, and the *Member* shall be deemed to have waived any rights to defense and indemnity coverage from *ERMA* for that particular litigation.
3. Assignment to defense counsel shall be made from the approved defense panel by the Litigation Manager after consultation with the *Member*. In the event the Litigation Manager assigns the case to a firm or individual other than the one expressly preferred by the *Member*, the Litigation Manager shall advise the *Member* in writing of the reasons for the change, and the *Member* shall have the right to appeal the decision to the *Board of Directors*. The decision of the *Board of Directors* shall be binding and final, with no further right of appeal.
4. Regardless of the selection process, the *Member* shall bear the financial responsibility of all defense expenses, including fees, until such time as its *Retained Limit* is exhausted.

## ARTICLE VII - DEFINITIONS

1. **Actuarially Sound** means that the *Program Year* has sufficient funds to pay the *Administrative Expenses* and the expected cost of *Claims* at a sixty (60) percent confidence level as determined by a certified actuary for the *Program Year*.
2. **Administrative Expenses** means those expenses incurred by the PEPLP that are not incurred due to any specific *Claim* and does not constitute a reserve for future expected changes in the size of existing *Claims* or discovery of previously unknown *Claims*. Administrative Expenses shall include expenses of ERMA that are allocated to the PEPLP.
3. **Assessments** means charges to *Members* in excess of their deposit premiums, which are not part of a *Retrospective Adjustment*, for the purpose of raising sufficient funds to reach an *Actuarially Sound* condition.
4. **Claim** means, if not otherwise defined within the context of the Memorandum of Coverage, to be all demands for compensation by third party claimants against a covered party arising out of one occurrence.
5. **Retrospective Adjustment** means the allocation of funds and liabilities to the accounts of each *Member* for each *Program Year* and the process of returning excess funds, or charging deficiencies of funds, in the accounts of each *Member*.
6. **Limits of Coverage** means the maximum amount of financial protection afforded any *Member* as the result of a single occurrence.
7. **Member** means a governmental entity, including any commissions, agencies, districts, authorities, boards, or other similar government entity under the direct control of the governmental entity, that is eligible to participate in a joint powers authority. A Member is one who has been accepted into ERMA and is a Named Covered Party in the Memorandum of Coverage and Endorsements thereto.
8. **Obligated Reserves** means reserves for expected claims expenses, determined by an actuarial study, not attributable to any known *Claim*. This is sometimes called IBNR.
9. **Program Year** means the period of coverage provided by the Memorandum of Coverage, usually a 12-month period. However, any renewals, by endorsement, for a new term shall constitute a new Program Year.
10. **Open Program Year** means a *Program Year* for which the *Executive Committee or Board of Directors*, due to *Claims* within the *Program Year* that are not finalized and/or the possibility of new *Claims* arising, has not authorized the final *retrospective adjustment*.
11. **Closed Program Year** means a *Program Year* that the *Executive Committee or Board of Directors* has declared closed and for which it has authorized final *retrospective adjustments*.

12. **End of Program Year** means that time when the coverage period of the Memorandum of Coverage lapses.
13. **Retained Limit** means the amount of all *Claims* arising out of one *Occurrence* which will be paid directly by the *Member*.

## APPENDIX A

### *RETROSPECTIVE ADJUSTMENTS*

ERMA's Financial Stability Plan, Section II, defines the Retrospective Adjustment Process as follows:

As each program year is independent from the others, it is possible to assess each program's year's deficit, or surplus, independently on an annual basis as each program year reaches a certain maturity threshold.

The Retrospective Adjustment Process was approved unanimously at ERMA's February 22, 2008, Board of Directors meeting. This process calls for the retrospective adjustment (assessment for a deficit year or dividend release for a surplus year) for each program year that is a full five years old according to the following methodology:

- Each year at its April Board of Directors' meeting, the ERMA Board would formally retrospectively adjust a program year's retained earnings balance five full years after the inception of that program year and each year thereafter until the program year is closed (all claims have been settled, and no case or IBNR reserves remain).
- A deficit (in whole or part at the Board's discretion) would be assessed to increase the equity in each eligible program year to the expected confidence level.
- Alternatively, if an open program year is in a surplus position, the Board would consider issuing dividends (in whole or part at the Board's discretion) for any equity amount that exceeds the 90% confidence level to allow for continuing claims development in future years.
- If a current program year not yet eligible to receive a retrospective adjustment is in a deficit position at any confidence level, the negative equity at that confidence level will be subtracted from the "Total Distribution Available" at that confidence level.
- If no IBNR remains in a year in which all claims are closed, the Board would consider issuing dividends or levying an assessment to officially close out that year.

Additional considerations:

- It is possible for program years to re-open, in which case a later assessment is possible.
- In the event of an overall program surplus, an individual program year or multiple program years would not be adjusted via a dividend, unless the ERMA program as a whole remained funded at the 90% confidence level after the issuance of the dividend.
- The current year March 31 financial statements will be utilized to determine each program year's retained earnings balance, and net assessments/net dividends (due to the possibility of several program years being adjusted) will be invoiced/released on or before June 30.

## APPENDIX B

### EMPLOYMENT PRACTICES LIABILITY COVERAGE

#### A. GENERAL DESCRIPTION

##### 1. COVERAGE PROVIDED

The Memorandum of Coverage will provide defense and indemnity for *Wrongful Employment Practices*.

##### 2. LIMITS OF LIABILITY

The Limits of Liability of the coverage will be Combined Single Limits of at least \$1,000,000 less the amount of the individual *Member's Retained Limit* for each *Occurrence*. The Executive Committee or *Board of Directors* may authorize choices of limits other than \$1,000,000 to the Members, and excess insurance or reinsurance may be provided to provide protection in layers above \$1,000,000.

##### 3. RETAINED LIMITS

The *Retained Limits* available to the *Members* will be \$25,000, \$50,000, \$75,000, \$100,000, \$250,000, and \$500,000.

##### 4. RATES

The premium rates will be based on an actuarial report and adopted by the Executive Committee or *Board of Directors*.

##### 5. CONCLUSION

It is important that each *Member* understand the coverage provided under the Memorandum of Coverage, and any exclusions thereto, as each *Member* is individually responsible or must make other arrangements for any *Claim* not covered by the Memorandum.

**LEGAL UPDATE**

**SUBJECT: Update from Geoff Sheldon, Liebert Cassidy Whitmore**

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**BACKGROUND AND STATUS:**

On September 30, 2018, Governor Jerry Brown approved several bills related to workplace harassment, gender discrimination, and retaliation claims inspired by the #MeToo and #TimesUp movements. These bills, which take effect January 1, 2019, will greatly impact the litigation of Fair Employment and Housing Act (FEHA) claims, employer-employee agreements and will expand the requirements for employer training.

Mr. Geoff Sheldon, Liebert Cassidy Whitmore, will be in attendance to provide the Board with an overview of each of the new laws and answer questions.

**RECOMMENDATION:**

*None.*

**REFERENCE MATERIALS ATTACHED:**

- California Public Agency Labor & Employment Blog Post – Liebert Cassidy Whitmore

# New Legislation Will Impact Litigation of FEHA Claims, Employer-Employee Agreements, and Necessitate Additional Employer Training

By Guest Author on October 1, 2018



*This special bulletin was authored by Geoffrey S. Sheldon and Andrew Pramschufer.*

In response to the “#Me Too” movement, the California Legislature passed a number of bills intended to protect employees from workplace harassment and retaliation under the Fair Employment and Housing Act (FEHA). On September 30, 2018, Governor Jerry Brown signed these bills into law. The impacts of these new laws, which go into effect on January 1, 2019, are summarized below.

## Impact on Retaliation & Harassment Claims under FEHA

**Senate Bill 1300** (SB 1300) extends personal liability to an employee alleged to have engaged in unlawful retaliation in the workplace (the FEHA already provided for individual liability for harassment prohibited under FEHA.) SB 1300 also provides that an employer’s failure to take all reasonable

steps to prevent discrimination and harassment from occurring can establish liability for the employer under FEHA even if the underlying discrimination or harassment was not significant enough to be actionable under FEHA.

Additionally, SB 1300 creates a new section under FEHA (Government Code Section 12923), which mandates the following:

- The “severe and pervasive” legal standard is rejected, so that a single incident of harassing conduct is now sufficient to create a triable issue of fact regarding the existence of a hostile work environment;
- A plaintiff no longer needs to prove his or her “tangible productivity” declined as a result of harassment in a workplace harassment suit, and may instead show a “reasonable person” subject to the alleged discriminatory conduct would find the harassment altered working conditions so as to make it more difficult to work;
- Any discriminatory remark, even if made by a non-decisionmaker or not made directly in the context of an employment decision, may be relevant evidence of discrimination in a FEHA claim; and
- The legal standard for sexual harassment will not vary by type of workplace, and courts will therefore only consider the nature of the workplace in a harassment claim when “engaging in or witnessing prurient conduct or commentary” is integral to the performance of an employee’s job duties.

Finally, SB 1300 limits a prevailing employer’s ability to recover attorney and expert witness fees unless a court finds a plaintiff’s action was “frivolous, unreasonable, or totally without foundation.”

In practice, these changes to the FEHA will make it much easier for plaintiffs to file, litigate and win harassment and discrimination claims against California employers. Getting these types of claims dismissed prior to trial will,



beginning January 1, 2019, be much more difficult. As Government Code Section 12923 now explicitly states, “[h]arassment cases are rarely appropriate for disposition on summary judgment.”

Accordingly, it is vital that employers take effective corrective action immediately when claims of harassment and/or discrimination arise. Employers should also review their harassment and discrimination policies to ensure they are compliant with these changes to the FEHA.

#### Impact on Agreements between Employer and Employee

**SB 1300** prohibits an employer from requiring that an employee sign a nondisparagement agreement, confidentiality agreement, or any other document denying the employee the right to disclose information about unlawful acts in the workplace, including sexual harassment. SB 1300 also makes it unlawful for an employer to require an employee waive FEHA rights or claims in exchange for a raise or bonus or as a condition of employment unless the release is a voluntary negotiated settlement agreement filed by an employee in court or an alternative dispute resolution forum, before an administrative agency, or through an employer’s internal complaint process.

**Senate Bill 820** (SB 820) prohibits confidentiality clauses in settlement agreements if they would limit the disclosure of factual information related to sexual assault, sexual harassment, or workplace harassment or discrimination based on sex.

**Assembly Bill 3109** (AB 3109) prohibits a contract or settlement agreement entered into on or after January 1, 2019 from limiting a party’s right to testify in an administrative, legislative, or judicial proceeding concerning alleged criminal conduct or alleged sexual harassment on the part of the other party to the contract where the party has been required or requested to attend the proceeding.

Employers should note these restrictions on the use of certain clauses in employment contracts, settlement agreements, and other agreements between employers and employees. An employer’s failure to comply with these restrictions will result in a finding that certain provisions of the written agreement are contrary to public policy and unenforceable, potentially leaving an employer open to liability.

#### Impact on Employer Trainings

**Senate Bill 1343** (SB 1343) requires employers with **five or more employees** to provide two hours of sexual harassment trainings to supervisory employees, **and at least one hour of sexual harassment training to nonsupervisory employees** by January 1, 2020. This is a marked change from current law, which does not require such trainings for nonsupervisory employees and only required employers with 50 or more employees to provide sexual harassment training to supervisory employees. Also beginning January 1, 2020, an employer must provide sexual harassment trainings to all seasonal employees, temporary employees, and any employee hired to work for less than six months within 30 calendar days or within 100 hours worked, whichever comes first.

**SB 1300** allows, but does not require, an employer to provide “bystander intervention training” to enable bystanders to identify problematic behaviors in the workplace, including sexual harassment, and intervene as appropriate.

SB 1343 mandates that the DFEH create two online trainings courses—one supervisory, and one nonsupervisory—to be made available on its website so employers may comply with new sexual harassment training requirements. Employers may look to these offered trainings courses to ensure compliance with these new laws.

Employers should review all training materials and procedures to ensure they are satisfying not only their existing obligations, but also all new requirements established by these new bills. This is especially important now that personal liability under the FEHA has been expanded, as discussed above.

#### Effects on Existing Litigation

We expect these legislative changes will have significant impact on existing litigation once they go into effect on January 1, 2019. Please consult with legal counsel about these new laws and their anticipated effects.

**LITIGATION MANAGEMENT**

**SUBJECT: Report from Kathy Maylin, Litigation Manager**

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**BACKGROUND AND STATUS:**

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

**RECOMMENDATION:**

*None.*

**TRAINING/LOSS PREVENTION MATTERS**

**SUBJECT: Ad Hoc Training Committee Update**

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**BACKGROUND AND STATUS:**

At the Annual workshop held in February, staff was directed to work with the Ad Hoc Committee to implement the secondary phase of the policy review initiative. The secondary phase includes the development of high-level management training, as well as introductory supervisor and leadership training.

The Ad Hoc Committee, comprised of President Scott Ellerbrock, Vice President John Gillison, and Board Members, Stuart Schillinger, Linda Cox and staff have outlined objectives to achieve the development of the two identified training programs.

Ms. Jobe will provide an update and answer any questions from the Board.

**RECOMMENDATION:**

*None.*

**REFERENCE MATERIALS ATTACHED:**

- Ad Hoc Training Committee Action Plan Summary

# ERMA Training Committee

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Current balance for the CCF is \$759,262.50 (does not include 2017/18 interest)

Expenses to-date:

In2vate	15,000.00
JA	70,125.00
LCW	153,266.50
Bickmore	15,000.00
	<u>253,391.50</u>

## ACTION ITEMS

TASK	NOTES
1. Outline training costs for: High Level Management: Introductory Supervisor/Leadership:	\$3,000 - \$5,000 per session <i>In process</i>
2. Determine/calculate balance of attorney policy review fees by member	<i>In process</i>
3. Establish library of best practices policies (as recommended by attorney partners).	<i>In process</i>
4. Identify availability of funds for "high priority" members based upon results of policy review surveys (e.g., older policies, bad policies)	<i>In process</i>
5. Incorporate introductory Management/Leadership Training in to risk assessment process.	<i>In process</i>
6. Research local government leadership training opportunities.	<i>In process</i>

**TRAINING/LOSS PREVENTION MATTERS**

**SUBJECT: 2018 Target Risk Appraisal Recommendations**

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**BACKGROUND AND STATUS:**

Annually and in accordance with Resolution 2011-1, staff reviews members' loss performance. Members whose loss ratio, frequency and/or severity rate exceed two of the targets set forth in the Resolution may be subject to further evaluation, including a comprehensive risk appraisal.

The attached target ratio calculations are for the most recent five program years and are included to provide the Board with a broad overview of loss performance. The Litigation Manager's notes contain information regarding the number of program years where the ratios were exceeded, whether the claim(s) underlying the calculations were financially significant, and whether the frequency of claims or other factors indicate that a risk appraisal would be beneficial.

**RECOMMENDATION:**

*Staff will provide a recommendation to the Board of Directors that certain members undergo a risk assessment or be subjected to further evaluation on a follow-up basis, with a report to be presented to the Board, at the June 2019 meeting.*

**REFERENCE MATERIALS ATTACHED:**

- 2018 Target Ratio Calculation Summary

**2018 ERMA Target Ratio Calculation  
Summary ~ Identified Claims**

ERMA's Target	Prior Risk Assmt.	2012/2013 Target Ratios			2013/2014 Target Ratios			2014/2015 Target Ratios			2015/2016 Target Ratios			2016/2017 Target Ratios			One parameter exceeded
		Frequency	Severity	Loss Ratio	Frequency	Severity	Loss Ratio	Frequency	Severity	Loss Ratio	Frequency	Severity	Loss Ratio	Frequency	Severity	Loss Ratio	Two parameters exceeded
		2.49%	106%	80%	3.04%	169%	80%	2.06%	139%	80%	2.29%	109%	80%	2.40%	27%	80%	Three parameters exceeded
																	Assessment Recommended
																	COMMENTS
Insured:																	
Alameda County MAD		8.82%	83%	142%	9.53%	65%	128%										Not recommended; No significant losses or recent claims activity
Adelanto	2017/18							6.18%	309%	1315%				10.20%	170.07%	561.04%	Not recommended; Assessment completed in 2017/2018 program year
Atwater					1.67%	544%	975%	2.15%	242%	417%				1.89%	0%	0%	Not recommended; Claims activity/losses arose under prior management
Banning	2014/15; 2015/16	0.80%	465%	491%				0.75%	32%	31%	1.53%	318%	384%				Not recommended; Assessments were completed in 2014/2015 and 2015/2016 program years, and there have been no significant recent claims
Barstow					0.74%	0%	0%	0.68%	275%	537%							Not recommended; Claims activity/losses due to one claim
California City								1.74%	0%	0%				2.88%	0%	0%	Not recommended; Ratio exceeded due to low loss claim
Calimesa		14.14%	0%	0%	13.74%	5022%	7203%										Not recommended; Ratios exceeded due to one claim, and there has been no recent claims activity
Cathedral City														0.54%	121%	296%	Not recommended; Ratios exceeded due to one claim, and there has been no recent claims activity
Ceres					0.72%	456%	817%							1.33%	9%	12%	Not recommended; Ratios exceeded due to one claim, and there has been no recent claims activity
Coalinga		1.16%	274%	275%	1.67%	0%	0%	1.76%	0%	0%							Not recommended; Ratios exceeded due to one claim
Contra Costa MVCD								4.44%	55%	89%				3.31%	0%	0%	Not recommended; Ratios primarily exceeded due to low loss claim
Delano					3.76%	231%	207%	0.91%	0%	0%				1.74%	0%	0%	Not recommended; Ratios show frequency but not significant severity, and those claims arose under prior dept. management
Desert Hot Springs	2012/13							1.56%	0%	0%							
Hercules														1.73%	43%	119%	Not recommended; Ratios exceeded due to one claim, and there has been no recent claims activity
Hughson								12.03%	1502%	1500%							Not recommended; Ratios exceeded due to one claim, and there has been no recent claims activity
Kerman								2.97%	223%	383%							Not recommended; Ratios exceeded due to one anomalous claim
Kingsburg														6.05%	378.06%	626.97%	Recommend review and evaluation for assessment after current litigations are resolved
McFarland	12/13; 14/15; 17/18	5.34%	0%	0%							8.68%	1076%	1066%	4.41%	0%	0%	Not recommended; Assessments were completed in 2012/2013, 2014/2015, and 2017/2018 program years
Menifee		10.87%	1124%	2257%				3.91%	0%	0%							Recommend review and evaluation for assessment at close of current claim
MPA JPA Staff								7.53%	0%		6.69%	140%					Not recommended; Claims arose under prior administration
Oakdale		2.55%	366%	447%							1.46%	58%	63%	1.60%	0%	0%	Not recommended; Claims arose under prior administration
Oakland HA		2.12%	0%	0%	1.70%	66%	120%	0.80%	0%	0%	0.79%		0%	2.26%	0%	0%	Recommend assessment due to frequency of claims
Palm Springs Aerial Tramway														2.23%	59%	144%	Not recommended; Ratios exceeded due to one anomalous claim
Parlier					12.09%	0%	0%	4.25%	181%	349%	5.09%	0%	0%	4.76%	0%	0%	Not recommended; Monitor for possible assessment next year
Pittsburg	2017/18				0.48%	129%	341%	0.96%	0%	0%	0.92%	67%	166%	0.86%	21%	45%	Not recommended; Assessment completed in 2017/2018 program year
Placentia		0.90%	155%	423%													Not recommended; No recent claims activity
Pleasant Hill		0.91%	45%	114%							1.83%	411%	630%				Not recommended; Only significant loss due to one claim
Point Arena		40.10%	1242%	1871%													Not recommended; No claims following 2013/2014 assessment

**2018 ERMA Target Ratio Calculation  
Summary ~ Identified Claims**

	Prior Risk Assmt.	2012/2013 Target Ratios			2013/2014 Target Ratios			2014/2015 Target Ratios			2015/2016 Target Ratios			2016/2017 Target Ratios			One parameter exceeded
		Frequency	Severity	Loss Ratio	Frequency	Severity	Loss Ratio	Frequency	Severity	Loss Ratio	Frequency	Severity	Loss Ratio	Frequency	Severity	Loss Ratio	Two parameters exceeded
<b>ERMA's Target</b>		<b>2.49%</b>	<b>106%</b>	<b>80%</b>	<b>3.04%</b>	<b>169%</b>	<b>80%</b>	<b>2.06%</b>	<b>139%</b>	<b>80%</b>	<b>2.29%</b>	<b>109%</b>	<b>80%</b>	<b>2.40%</b>	<b>27%</b>	<b>80%</b>	Three parameters exceeded
<b>Insured:</b>																	Assessment Recommended
																	<b>COMMENTS</b>
Rialto	2016/17	0.64%	0%	0%	0.36%	0%	0%	0.39%	0%	0%	1.16%	122%	302%	1.03%	105%	206%	This agency is no longer an ERMA member
San Gabriel Valley MVCD					6.14%	100%	118%	5.88%	1091%	1129%	5.43%	821%	809%	5.35%	0%	0%	Not recommended; Claims activity and severity arose under prior management
San Joaquin County MVCD					4.41%	558%	821%										Not recommended; Ratios exceeded due to one claim, and there has been no recent claims activity
Shafter					1.75%	385%	689%				1.00%	69%	109%	1.80%	0%	0%	Not recommended; Only significant loss due to one claim
Taft											1.64%	131%	208%				Not recommended; Ratios exceeded due to low loss claim
Town of Yountville					5.96%	191%	366%										Not recommended; Ratios exceeded due to low loss claim
Walnut Creek		0.95%	130%	327%				0.32%	0%	0%							Not recommended; Ratios exceeded due to low loss claim
Wasco											3.56%	891%	1569%				Not recommended; Ratios exceeded due to one claim
West Hollywood	2016/17; 2017/18							2.02%	1093%	2583%	0.46%	0%	0%				Not recommended. No claims following last assessment in 2017/2018 program year

Note: The results of insureds who had claims but did not exceed more than one of the parameters are included in totals but not shown on this report.  
96 members with claims