

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

**MINUTES OF THE BOARD OF DIRECTORS
MEETING OF JANUARY 11, 2008**

A regular meeting of the Board of Directors of CARMA was held on January 11, 2008, at the Bodega Bay Lodge & Spa, Bodega Bay, California.

BOARD MEMBERS PRESENT: Geoff Grote, BCJPIA, President
Jake O'Malley, MPA, Treasurer
Joanne Rennie, PARSAC
Joe Donabed, CSJVRMA

BOARD MEMBERS ABSENT: Kent Rice, MBASIA
John Stroh, VCJPA

ALTERNATE MEMBERS PRESENT: Dave Hodgkins, BCJPIA
Jim Wanderscheid, VCJPA

OTHERS PRESENT: Rob Kramer, Executive Director
Kim Santin, Assistant Executive Director
Sandra Spiess, Board Secretary
Linzie Kramer, Bickmore Risk Services
Craig Farmer, Legal Counsel
Karen Thesing, Bickmore Risk Services (*exited at 9:40 a.m.*)
Jeanette Workman, Bickmore Risk Services (*exited at 9:40 a.m.*)
Brian Kelley, Bickmore Risk Services (*exited at 9:40 a.m.*)
Mike Simmons, Alliant Insurance Services (*exited at 9:40 a.m.*)
Susan Adams, Alliant Insurance Services (*exited at 9:40 a.m.*)
Lauren Brant, Public Financial Management (*exited at 9:40 a.m.*)

1. CALL TO ORDER

The January 11, 2008, Board of Directors meeting was called to order at 9:10 a.m. by President Geoff Grote.

2. INTRODUCTIONS

Those present introduced themselves.

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

Joe Donabed moved to approve the agenda as amended. Seconded by Jake O'Malley. Motion passed unanimously.

4. **PUBLIC COMMENTS**

None.

5. **CONSENT CALENDAR**

Joe Donabed moved to approve/accept the following items: A) Minutes of the September 21, 2007, Board Meeting; B) Warrant Listings for September 1, 2007, through December 31, 2007; C) Investment Transaction Report for the Quarter Ended September 30, 2007; D) Treasurer's Report at September 30, 2007; E) Internal Financial Statements for the Quarter Ended September 30, 2007; F) Memo from Public Financial Management, Inc. Regarding the Downgrade of Merrill Lynch Seconded by Jake O'Malley. Motion passed unanimously.

6. **FINANCIAL MATTERS**

A. Financial Issues

Financial issues were discussed in conjunction with Agenda Item 10.A.

B. Review of CARMA Investment Policy

Lauren Brant, Public Financial Management (PFM), indicated that Bickmore Risk Services (BRS) and PFM staff review the CARMA investment policy on an annual basis to determine if any changes are warranted. Ms. Brant indicated there are no suggested changes to the CARMA policy at this time; however, the Board may wish to consider adding language regarding AB 1745. The Bill adds a new section to Government Code Section 53601(d) that permits local agencies to purchase municipal bonds from the other 49 states.

The new language, as suggested by Ms. Brant in her memo to CARMA dated December 26, 2007, suggests the Board add non-California municipal bonds to the list of investments permitted by the CARMA Investment Policy. Ms. Brant explained that the addition of non-California municipal bonds will provide the portfolio with greater investment flexibility and will increase CARMA's access to high quality issuers.

Jake O'Malley moved to approve the Investment Policy with the addition of language regarding AB 1745 as recommended by Ms. Lauren Brant and Public Financial Management. Seconded by Jim Wanderscheid. Motion passed unanimously.

Ms. Brant also provided the Board with an investment management update. Ms. Brant provided insight into current market conditions and answered subsequent questions.

7. ADMINISTRATIVE MATTERS

A. Governance, Representation, and Communications

Governance, Representation, and Communication matters were discussed in conjunction with Agenda Item 10.A.

B. Reaffirmation of Conflict of Interest Policy

Rob Kramer indicated the Political Reform Act requires the Board to review its Conflict of Interest Code biennially to confirm accuracy and determine if any changes are necessary. Mr. Kramer noted that staff was not recommending any changes at this time.

Joanne Rennie moved to reaffirm the Conflict of Interest Policy for the 2008 and 2009 calendar years. Seconded by Joe Donabed. Motion passed unanimously.

C. Approval of Amended Resolution No. 1-2007/2008 Establishing Meeting Dates for the 2007/2008 Fiscal Year

Mr. Kramer indicated the Board previously requested alternate meeting dates for the April and June 2008 Board of Directors meeting. After input was gathered from the Board, it was determined the April Board meeting would take place on Thursday, April 17, 2008, and the June meeting would take place on Wednesday, June 11, 2008. Both meetings are scheduled to be held at the offices of Bickmore Risk Services in Sacramento.

Joanne Rennie moved to approve Resolution No. 1-2007/2008 as amended. Seconded by Joe Donabed. Motion passed unanimously.

8. COVERAGE MATTERS

A. Possible Expansion/Contractions of Coverage

Mr. Craig Farmer, Board Legal Counsel, indicated he did not recommend the expansion or contraction of coverage at this time.

9. MARKETING MATTERS

A. Marketing Strategy, Marketplace Position, and Member Retention

This item was discussed in conjunction with Agenda Item 10.A.

10. OTHER DISCUSSION TOPICS

A. Establishment of Goals and Objectives

The Board briefly reviewed items of interest noted during the workshop held the previous day.

1) Staff will recreate and distribute ex-mod/budget exhibits for each of the underlying members as soon as the December 31, 2007, loss information is available; 2) Alliant will seek quotes of 7 x 3 and 6 x 4 for the first \$10 million dollar layer from the market and higher excess quotes from the market and the Alliant CLIP program (30 million); 3) Staff will create a general letter of interest for marketing to entities we believe are possibly interested in joining CARMA. The letter will be sent to YCPARMIA and PERMA; 4) A more formal underwriting policy. Staff will develop and present to the Board; 5) Legal analysis of Terrorism Risk Insurance Act (TRIA) coverage exposure. Susan Adams, Alliant Insurance Services, will seek analysis written from underwriters in the market and present to the Board; 6) Review target equity policy and benchmarks – develop a timeline to modify/hit benchmarks (Equity to SIR benchmark in particular).

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 convened to closed session at 9:40 a.m. to discuss the following claim for the payment of tort liability losses, public liability losses, or workers' compensation liability incurred by the joint powers authority:

Juarez/Brooks v. Highland (PARSAC)

JR Enterprises v. Rancho Cucamonga (PARSAC)
Chan v. Hanford (CSJVRMA)

B. Report from Closed Session

The Board reconvened to open session at 10:50 a.m. and it was noted the following action was taken in closed session: The Board provided appropriate settlement authority to the Litigation Manager with respect to the Juarez/Brooks v. Highland; JR Enterprises v. Rancho Cucamonga; and Chan v. Hanford.

12. **CLOSING COMMENTS**

A. Board

It was noted that the workshop was a good educational experience for the new alternate Board members.

B. Staff

None.

13. **ADJOURNMENT**

The January 11, 2008, Board of Directors meeting adjourned at 10:55 a.m. by general consensus of the Board.

Sandra Spiess

Sandra Spiess, Board Secretary