



California Sanitation Risk Management Authority  
 c/o ALLIANT INSURANCE SERVICES, INC.  
 560 Mission Street, 6th Floor, San Francisco, CA 94105

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**OFFICERS:**

Sandeep Karkal, President  
 415.892.1694  
 Vince De Lange, Vice President  
 925.756.1920

**RECENT PAST PRESIDENTS:**

Craig Murray  
 2020-2024  
 Greg Baatrup  
 2018-2020

**BOARD OF DIRECTORS MEETING AGENDA**

Meeting Via Teleconference as below:

**Date/Time:** Wednesday, June 17, 2026  
 8:00 AM Meeting

**LOCATION:** Alliant Offices  
 560 Mission Street, 6th Floor  
 San Francisco, CA 94105

Phone One-Tap: [+16694449171.99267696128#...\\*646835#](tel:+16694449171.99267696128#...*646835#)

Meeting URL: <https://alliantinsurance.zoom.us/j/99267696128?pwd=YJg0RiQP3w6MjbJsHzHP62dCSVI1mv.1>

District Meeting locations listed on Page 3

A. CALL TO ORDER	I: Information
B. PUBLIC COMMENTS	V: Verbal
C. BOARD MEMBER COMMENTS	A: Action
D. CONSENT CALENDAR	H: Handout
E. GENERAL ADMINISTRATION	S: Separate
1. <b>Meeting Minutes of January 14, 2026</b> <i>Recommendation: Approve minutes from their last meeting.</i>	A p. 4
2. <b>Captive Update</b> <i>Recommendation: Receive an update on CWIC captive insurance company.</i>	I p. 11
3. <b>AI Project Update</b> <i>Recommendation: Receive report on Phase II of the AI Project.</i>	I p. 37
4. <b>CAJPA Accreditation &amp; Target Equity Ratios</b> <i>Recommendation: Receive an update on the CAJPA Accreditation and Target Equity Ratios.</i>	I p. 42
1. <b>Estimated Actual 25/26 Budget &amp; Proposed 26/27 Budget</b> <i>Recommendation: Review and approve the proposed FY 26/27 Budget.</i>	A/S p. 47
1. <b>Pooled Liability Program</b> a. None	
2. <b>Workers' Compensation Program</b> a. None	
3. <b>Property Program</b> a. <b>Prospective New Member: DERWA</b> <i>Recommendation: Review and approve the prospective new member.</i>	A p. 52
4. <b>Primary Insurance Program</b> a. None	
G. <b>RESOLUTIONS</b> None	

**H. INFORMATION ITEMS**

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1.	Article - CAJPA - SB 827 Mandate Clarification	I	p. 53
2.	Article - California community sues county over million-gallon sewage spill - SF Chronicle	I	p. 61
3.	Article - 4 Practical Steps for Managing Age-Related Risks - Carrier Chronicles.com	I	p. 69
4.	CSRMA 2026 Meeting Calendar	I	p. 71
5.	CSRMA Organizational Chart	I	p. 72
6.	CSRMA Service Team Chart	I	p. 73

*The Board of Directors will be asked to review the Information Items.*

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**I. ADJOURNMENT**

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*The next meeting will be held on August 5, 2026 in conjunction with the CASA Annual Conference in Napa.*

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**CSRMA MEMBER AGENCIES**

<u>Organization</u>	<u>Street Address</u>	<u>City</u>	<u>State</u>	<u>Zipcode</u>
Bayshore Sanitary District	36 Industrial Way	Brisbane	CA	94005
Byron Sanitary District	7995 Bruns Road	Byron	CA	94514
Carmel Area Wastewater District	3945 Rio Road	Carmel	CA	93922
Carpinteria Sanitary District	5300 Sixth Street	Carpinteria	CA	93013
Castro Valley Sanitary District	21040 Marshall Street	Castro Valley	CA	94546
Central Contra Costa Sanitary District	5019 Imhoff Place	Martinez	CA	94553
Central Marin Sanitation Agency	1301 Andersen Drive	San Rafael	CA	94901
County Sanitation District No. 2-3 of Santa Clara County	20863 Stevens Creek Boulevard, #100	Cupertino	CA	95014
Crockett Community Services District	850 Pomona Street	Crockett	CA	94525
Cupertino Sanitary District	20863 Stevens Creek Boulevard, #100	Cupertino	CA	95014
Delta Diablo	2500 Pittsburg-Antioch Hwy	Antioch	CA	94509
Dublin San Ramon Services District	7051 Dublin Blvd.	Dublin	CA	94568
East Bay Dischargers Authority	2651 Grant Avenue	San Lorenzo	CA	94580
Encina Wastewater Authority	6200 Avenida Encinas	Carlsbad	CA	92011
Fairfield-Suisun Sewer District	1010 Chadbourne Road	Fairfield	CA	94585
Goleta Sanitary District	One William Moffett Place	Goleta	CA	93117
Goleta West Sanitary District	UCSB Campus, Parking Lot 32	Goleta	CA	93116
Inland Empire Utilities Agency	6075 Kimball Avenue	Chino	CA	91710
Ironhouse Sanitary District	450 Walnut Meadows Drive	Oakley	CA	94561
Lake Arrowhead Community Services District	27307 State Hwy 189	Lake Arrowhead	CA	92352
Las Gallinas Valley Sanitary District	300 Smith Ranch Road	San Rafael	CA	94903
Leucadia Wastewater District	1960 La Costa Avenue	Carlsbad	CA	92009
Lincoln-Sewer Maintenance District 1 Wastewater Authority	1245 Fiddymont Road	Lincoln	CA	95648
Montara Water and Sanitary District	8888 Cabrillo Hwy	Montara	CA	94037
Montecito Sanitary District	1042 Monte Cristo Lane	Santa Barbara	CA	93108
Monterey One Water	5 Harris Court, Bldg. D	Monterey	CA	93940
Mt. View Sanitary District	3800 Arthur Road	Martinez	CA	94553
Napa Sanitation District	1515 Soscol Ferry Road	Napa	CA	94558
Nevada County Sanitation District	950 Maidu Avenue, Suite 170	Nevada City	CA	95959
North of River Sanitary District	204 Universe Avenue	Bakersfield	CA	93308
Novato Sanitary District	500 Davidson Street	Novato	CA	94945
Oceana Marin Sewer Imp. District	999 Rush Creek Place	Novato	CA	94948
Ojai Valley Sanitary District	1072 Tico Road	Ojai	CA	93023
Oro Loma Sanitary District	2655 Grant Avenue	San Lorenzo	CA	94580
Richardson Bay Sanitary District (SASM)	500 Tiburon Blvd.	Tiburon	CA	94920
Rodeo Sanitary District	800 San Pablo Avenue	Rodeo	CA	94572
Ross Valley Sanitation District	2960 Kerner Blvd.	San Rafael	CA	94901
San Elijo Joint Powers Authority	2695 Manchester Ave.	Cardiff	CA	92007
San Rafael Sanitation District	111 Morpheus Street	San Rafael	CA	94901
Sanitary District No. 5 of Marin County	2001 Paradise Drive	Tiburon	CA	94920
Santa Margarita Water District	26111 Antonio Parkway	Rancho Santa Margarita	CA	92688
Sausalito-Marin City Sanitary District	1 East Road	Sausalito	CA	94965
Selma-Kingsburg-Fowler County S.D.	11301 E Conejo Ave	Kingsburg	CA	93631
Sewer Authority Mid-Coastside	1000 N. Cabrillo Highway	Half Moon Bay	CA	94019
Sewerage Agency Of Southern Marin	26 Corte Madera Avenue	Mill Valley	CA	94941
Silicon Valley Clean Water	1400 Radio Road	Redwood City	CA	94065
South Orange County Wastewater Authority	34156 Del Obispo	Dana Point	CA	92629
Stege Sanitary District	7500 Schmidt Ln.	El Cerrito	CA	94530
Tahoe-Truckee Sanitation Agency	13720 Butterfield Drive	Truckee	CA	96161
Triunfo Water & Sanitation District	370 N. Westlake Blvd., Suite 100	Westlake Village	CA	91362
Truckee Sanitary District	12304 Joerger Dr.	Truckee	CA	96161
Union Sanitary District	5072 Benson Road	Union City	CA	94587
Vallejo Flood and Wastewater District	450 Ryder Street	Vallejo	CA	94590
Valley Sanitary District	45-500 Van Buren	Indio	CA	92201
Ventura Regional Sanitation District	4105 West Gonzales Road	Oxnard	CA	93036
Victor Valley Wastewater Recl. Auth.	20111 Shay Road	Victorville	CA	92394
West Bay Sanitary District	500 Laurel Street	Menlo Park	CA	94025
West County Wastewater District	2910 Hilltop Drive	Richmond	CA	94806
West Valley S.D. of Santa Clara County	100 East Sunnyoaks Avenue	Campbell	CA	95008
Western Riverside County R.W.A.	14205 Meridian Parkway	Riverside	CA	92518

**CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY  
BOARD OF DIRECTORS MEETING  
JANUARY 14, 2026  
INDIAN WELLS, CA**

**MEMBERS PRESENT**

Craig Murray, Carpinteria Sanitary District  
Shari Deutsch, Central Contra Costa Sanitary District  
Jason Dow, Central Marin Sanitation Agency  
William Bosworth, Cupertino Sanitary District  
Roland Williams, Castro Valley Sanitary District  
Vincent De Lange, Delta Diablo  
Scott McClelland, Encina Wastewater Authority  
Jordan Damerel, Fairfield Suisun Sewer District  
Steve Wagner, Goleta Sanitary District  
Tyson Zimmerman, Ironhouse Sanitary District  
Curtis Paxton, Las Gallinas Valley Sanitary District  
Paul Bushee, Leucadia Wastewater District  
Jim Mulligan, Lincoln-Sewer Maintenance District 1 Wastewater Authority  
Patrick Ostly, North of River Sanitary District  
Sandeep Karkal, Novato Sanitary District  
Jimmy Dang, Oro Loma Sanitary District  
Felicia Newhouse, Ross Valley Sanitary District  
Tony Rubio, Sanitary District No. 5 of Marin County  
Saundra Jacobs, Santa Margarita Water District  
Matt Anderson, Silicon Valley Clean Water  
Jerry Gilmore, Truckee Sanitary District  
Mark Tomko, Vallejo Flood and Wastewater District  
Jason Dafforn, Valley Sanitary District  
Justin Lovell, West County Wastewater District  
Kent Edler, West Valley Sanitation District

**GUESTS AND CONSULTANTS**

Taghi Saadati, Cupertino Sanitary District  
Kimberly Kraft, Fairfield Suisun Sewer District  
Vytautas Adomaitis, Goleta Sanitary District  
Jonathan Fry, Goleta Sanitary District  
Laura Romano, Goleta Sanitary District  
Edward Fuller, Goleta Sanitary District  
Joseph Glancy, Goleta Sanitary District  
Crystal Yezman, Las Gallinas Valley Sanitary District  
Kelye McKinney, Lincoln-Sewer Maintenance District 1 Wastewater Authority  
Erik Brown, Novato Sanitary District  
Benny Lee, Oro Loma Sanitary District  
Jeffery Tucker, Vallejo Flood and Wastewater District

Mike Duran, Valley Sanitary District  
Anthony Duran, Valley Sanitary District  
Rueben Vasquez, Valley Sanitary District  
Seth Cole, Alliant Insurance Services, Inc.  
Myron Leavell, Alliant Insurance Services, Inc.  
P.J. Skarlanic, Alliant Insurance Services, Inc.  
Steve Davidson, Alliant Insurance Services, Inc.  
David Patzer, DKF Solutions Group  
Kay Patzer, DKF Solutions Group  
Byrne Conley, Gibbons & Conley  
James Marta, James Marta & Company  
Scott Miller, Bonfire AI  
Jen Tran, Bonfire AI

**A. CALL TO ORDER**

The meeting was called to order by President Sandeep Karkal at 12:34 p.m.

**B. PUBLIC & BOARD MEMBER COMMENTS**

There were no public comments.

**C. CONSENT CALENDAR**

**C.1. Meeting Minutes: July 30, 2025**

The minutes of the meeting held on July 30, 2025 were reviewed.

**C.2. Investment Performance Review**

The Board of Directors reviewed the Investment Performance Review.

**C.3. Annual Operating Budget**

The Board of Directors reviewed the 2025 Annual Budget.

**C.4. Annual Operating Report**

The Board of Directors reviewed the Annual Operating Report. Each member agency will also be sent an electronic copy for their records.

**C.5. CSRMA 2026 Meeting Calendar**

The Board of Directors reviewed the 2026 meeting calendar.

**C.6. Pooled Liability Program Quarterly Claims Report as of December 31, 2025**

The Board of Directors reviewed the Pooled Liability Program Quarterly Claims Report as of December 31, 2025.

### **C.7. Workers' Compensation Program Quarterly Claims Report as of December 31, 2025**

The Board of Directors reviewed the Workers' Compensation Program Quarterly Claims Report as of December 31, 2025.

### **C.8. Budget to Date Report as of December 31, 2025**

The Board of Directors reviewed the Budget to Date Report as of December 31, 2025.

### **C.9. Pooled Liability Program Dividend Declarations at December 31, 2025**

The Board of Directors reviewed the Pooled Liability Program Dividend Declaration item as of December 31, 2024.

A motion was made to accept the Consent Calendar as presented.

**MOTION:** Paul Bushee                      **SECOND:** Steve Wagner                      **MOTION CARRIED**

**AYES:** Anderson, Bosworth, Bushee, Dafforn, Damerel, Dang, De Lange, Dow, Edler, Gilmore, Jacobs, Karkal, Lovell, McClelland, Mulligan, Murray, Newhouse, Ostly, Paxton, Rubio, Tomko, Wagner, Williams, Zimmerman

**NAYS:** None

**ABSTAIN:** Deutsch

## **D. GENERAL ADMINISTRATION**

### **D.1. Executive Board Elections**

P.J. Skarlanic reviewed the current make-up of the Executive Board with the Board of Directors and the eligibility of members whose terms are expiring, and those who are eligible to continue for another term. A vacancy in the Member #4 position, created when Teresa Herrera retired in 2025, was filled by Jimmy Dang, who was previously in the Alternate position. The Nominating Committee, consisting of Jason Dow, Vince De Lange, and Curtis Paxton, recommended the following slate of candidates:

- That Matt Anderson of Silicon Valley Clean Water be elected to fill the open Alternate position
- That all other members whose terms are expiring be re-elected to their positions.

A motion was made to elect the slate of candidates presented by the Nominating Committee.

**MOTION:** Sandra Jacobs                      **SECOND:** Roland Williams                      **MOTION CARRIED**

**AYES:** Anderson, Bosworth, Bushee, Dafforn, Damerel, Dang, De Lange, Deutsch, Dow, Edler, Gilmore, Jacobs, Karkal, Lovell, McClelland, Mulligan, Murray, Newhouse, Ostly, Paxton, Rubio, Tomko, Wagner, Williams, Zimmerman

**NAYS:** None

**ABSTAIN:** None

## **D.2. Acceptance of the Financial Audit – June 30, 2025**

Seth Cole introduced Jim Marta of James Marta and Company, who reported that the financial audit for fiscal year 2024/25 is complete.

Jim provided an overview of the audit process and then reviewed the results of the audit with the Board, indicating that the financial statements are presented fairly and in accordance with the accounting principles generally accepted in the United States.

Jim reported that the Net Position as of June 30, 2025 is \$16.6M, a 40.7% increase (\$4,813,117) over last year. In summary, Jim emphasized the financial strength of CSRMA. He concluded that there are no internal control deficiencies and the JPA is financially stable.

A motion was made to accept the Financial Audit for Fiscal Year 2024/25 as presented.

**MOTION:** Steve Wagner

**SECOND:** Jeffrey Tucker

**MOTION CARRIED**

**AYES:** Anderson, Bosworth, Bushee, Dafforn, Damerel, Dang, De Lange, Deutsch, Dow, Edler, Gilmore, Jacobs, Karkal, Lovell, McClelland, Mulligan, Murray, Newhouse, Ostly, Paxton, Rubio, Tomko, Wagner, Williams, Zimmerman

**NAYS:** None

**ABSTAIN:** None

## **D.3 Captive Update**

P.J. Skarlanic provided an update to the Board on the Clean Water Insurance Captive (CWIC). CWIC has been reinsuring CSRMA's Workers' Compensation Program since its inception in July 2023 and began reinsuring CSRMA's Pooled Liability Program effective 12/31/23. P.J. reported that CWIC's Board met for their annual in-person meeting on October 24, 2025 in Murray, Utah.

Early in the 4<sup>th</sup> quarter of 2023 PFM began investing CWIC's funds per the asset allocation targets approved by the CWIC Board. CWIC's investments increased by approximately 4.13% in the quarter ending 9/30/2025, and CWIC's investment portfolio has outperformed CSRMA's investment portfolio over the past 12 months. Total returns since inception of CWIC's investment portfolio on 12/1/2023 are 12.27%.

James Marta of James Marta & Company completed an audit of CWIC's 2024-25 Fiscal Year Financials. The audit, which was provided in the Agenda for the Board's review, indicated that the financial statements are presented fairly and in accordance generally accepted accounting principles, and found no deficiencies in CWIC's internal controls. CWIC was described as being in a strong financial position with net position of \$5.5M

P.J. advised that effective December 31, 2025, CSRMA renewed its liability reinsurance agreement with CWIC, reinsuring the Pooled Liability Program's pooled layer (\$0-\$1M, up from \$750k in 2024-25) as presented to the Executive Board at its December 2025 meeting.

The Program Administrators will provide periodic updates on the performance of the Clean Water Insurance Captive.

## **E. OFFICERS/STAFF/COMMITTEE REPORTS**

### **E.1. Pooled Liability Program**

#### **E.1.a. Pooled Liability Program Post Renewal Report**

The Board of Directors reviewed the Pooled Liability Program post renewal report. Seth Cole advised that the Executive Board approved renewal of the Pooled Liability Program effective December 31, 2025, transferring the risk for the Pooled Layer to CWIC, and increasing the Pooled Layer from \$750k to \$1M, which increased the overall limits from \$27.75M to \$26M. The increase in retention was a result of inflationary pressures driving up the cost of claims. The total increase in cost for renewal of the Pooled Liability Program was 13.58%, which was in line with forecasted increases due to changes in exposure and market conditions.

Seth discussed the recent retrospective rating adjustment for Pooled Liability Program members. The Program is retrospectively rated. Essentially if we don't collect enough money to pay for claims in the pooled layer, we have to ask for more money from the members and vice versa. The retrospective rating calculation based on information as of 6/30/25 resulted in a retro adjustment to be collected from the members in an amount of \$1.4M largely due to adverse loss development in PY 2020-21. The Program had to collect the funds previously returned to members back from the members. Last year the Board approved changes to the Retrospective Rating Policy & Procedure to prevent large swings in the retro results in future years.

### **E.2. Primary Insurance Program**

#### **E.2.a. Primary Insurance Program Post Renewal Report**

The Board of Directors reviewed the Primary Insurance Program post renewal report. Seth Cole advised that the Executive Board approved renewal of the Primary Insurance Program with the WaterPlus Insurance Program, effective December 31, 2025. The total cost increased roughly 7.7%. The increase in estimated insurance premium is the result of an average rate increase of about 7% + surplus lines taxes and fees, changes in member exposure and losses for individual members. The policy terms and conditions remained the same as expiring.

### **E.3. Workers' Compensation Program**

#### **E.3.a. Workers' Compensation Excellence Award**

David Patzer discussed the criteria for the Workers' Compensation Excellence Award and announced that three applications met all the criteria and will be receiving the award:

- Ross Valley Sanitary District
- Fairfield-Suisun Sewer District
- Mt. View Sanitary District

Recipients will be receiving a wall plaque, lobby banner and a cash award of \$50,000 to be disbursed to employees of the winning agencies, in an amount not to exceed \$499 per employee.

The Board collectively congratulated the three winners.

David noted that the criteria for the Workers' Compensation Excellence Award is normally updated every other year. The criteria was last updated in 2024, and recommended changes to the award criteria will be provided to the Workers' Compensation Committee prior to presented to the Executive Board for approval.

#### **E.4. Property Program**

##### **E.4.a. Market Update and Preliminary Renewal Expectations**

P.J. Skarlanic provided a verbal update for planning and budgeting purposes. P.J. reported that property market conditions have improved and we are seeing rate reductions for insureds with good loss history. A small rate decrease may be possible for the coming Property renewal, though we may see a premium increase overall due to changes in exposure (increases in insured values). The expectation is the rate may decrease by as much as 10% based on what we know today.

The Program Administrators will provide the Property Program members with updated information as it is available.

##### **E.4.b. Property Appraisals**

P.J. Skarlanic reviewed the item with the Board. Members of the CSRMA Property Insurance Program obtain coverage through the Alliant Property Insurance Program (APIP), an insurance program managed by Alliant. To maintain accurate insurable values, property appraisals for buildings valued at over \$5,000,000 and treatment plants with capacity greater than 10 MGD are provided by APIP every 5-7 years at no direct cost to the members.

The Pooled Liability Committee and the Executive Board reviewed a proposal from Alliant Appraisal Services to provide replacement cost appraisals for all member locations, not just those that would otherwise receive appraisals at no additional cost. After reviewing several options, the Executive Board provided direction to budget funds in the 2026/27 Fiscal Year to appraise treatment plants with capacity less than 10 MGD. Further, the Program Administrators will conduct a valuation analysis on all remaining locations (non-treatment plant locations with values less than \$5,000,000) using a software tool called Archipelago at no additional cost to members.

#### **F. RESOLUTIONS**

None.

## **G. Guest Speaker**

### **G.1. Bonfire AI Demonstration**

As a result of discussion at the 2025 Long Range Planning Session, direction was given to explore development of a Large Language Model (LLM) built around CSRMA's vast knowledge and history base. An ad hoc sub-committee was formed to meet with Bonfire AI and negotiate a contract for the development of an LLM. CSRMA subsequently engaged with Bonfire AI to develop a Large Language Model that is being called CS Connect.

Scott Miller and Jen Tran from Bonfire AI presented to the Board, giving a demonstration of the capabilities being developed for CS Connect. Scott and Jen described their company's use of technology to better leverage institutional knowledge to aid in accurate service, workflow optimization, and decision making for organizations, and they demonstrated a few queries like those that could be submitted to CS Connect once further developed.

Scott and Jen fielded a wide variety of questions from Board members regarding data access, applications for individual member agencies, data ingestion, and other inquiries.

## **H. INFORMATION ITEMS**

### **H.1. GFOA Award News Release**

### **H.2. Article – *Beyond the Click: Building Employee Vigilance To Prevent Phishing Attacks* – Travelers RMPlusOnline**

### **H.3. Article – *Rethinking Safety: Total Worker Health in Public Entities* – carrierchronicles.com**

### **H.4. Article – AGiP – *Managing Use of AI by Service Providers***

### **H.5. CSRMA 2026 Meeting Calendar**

### **H.6. CSRMA Organizational Chart**

### **H.7. CSRMA Service Team Chart**

The Board of Directors reviewed the presented information items.

## **H. ADJOURNMENT**

The meeting was adjourned at 1:54 p.m. The next meeting is scheduled for June 17, 2026 via teleconference.

### **Clean Water Insurance Captive Update**

**ISSUE:** Below is an update on Clean Water Insurance Captive (CWIC) since the last Board of Directors meeting.

- 1) **Mission Statement** – As part of the 2025-26 CSRMA Long Range Action Plan, the Executive Board asked the CWIC Board to create a Mission Statement for the captive. The CWIC Board met (virtually) in February and developed a draft Mission Statement to share with the Executive Board. The Executive Board provided their feedback to the CWIC Board and ultimately adopted the following Mission Statement.

*To provide cost-effective, and stable risk financing solutions for CSRMA and its members, ensuring long-term financial viability through enhanced investment opportunities and increased control over insurance programs to effectively manage the unique risks associated with the clean water industry.*

- 2) **Draft Surplus Funds Policy** – As part of the 2025-26 CSRMA Long Range Action Plan, the Executive Board asked the CWIC Board to create a Surplus Funds policy. The purpose of the policy is to outline the basic financial factors utilized by CWIC to assure prudent funding and to outline the permissible uses of surplus funds.

At its February meeting, the CWIC Board reviewed a draft of the Policy and provided comments and revisions for consideration by the captive management team. The revised draft was subsequently presented to the CSRMA Executive Board at its March meeting for review and feedback. The CWIC Board is currently evaluating the Executive Board's input and will discuss at their next meeting. Upon adoption, the finalized Policy will be presented to the CSRMA Board of Directors for review and information.

- 3) **CWIC Board Meeting** – The CWIC Board met virtually for a meeting on March 31<sup>st</sup> for a presentation from the captive consulting team on the Key Financial & Loss Ratios Report, reviewing various financial ratios utilized to measure the financial stability of CWIC. CWIC is meeting or exceeding all key captive financial and loss ratio targets.
- 4) **Investment Performance** – CWIC's Investment Manager PFM presented their investment report for the quarter ending 3/31/2026 to the CSRMA Finance Committee at their April meeting. Returns for the most recent quarter ending

3/31/2026 were -1.01%. Year End 2025 returns were 12.53%. Annualized returns since inception of CWIC’s investment portfolio on 12/1/2023 are 9.82%.

- 5) **CSRMA Workers’ Compensation Renewal** – CWIC’s actuaries performed an actuarial study to develop the recommended premium amount to charge CSRMA to reinsure their pooled layer (\$0 - \$250K) of the Pooled Workers’ Compensation Program for the July 1, 2026 renewal. The actuary is projecting a year-over-year decrease of approximately 1% in funding as a result of favorable loss development. The renewal premium is \$3,328,689 compared to the expiring \$3,360,105. This proposal was made to CSRMA’s Workers’ Compensation Committee at their May meeting and was approved for binding by the Executive Board at their June meeting.
  
- 6) **Annual CWIC Investment Performance Comparison to CSRMA** – One way to measure the financial benefit of CWIC is to compare its investment performance to CSRMA, and as requested by the Executive Board this comparison will be provided on an annual basis.

The table below compares CWIC’s performance to that of CSRMA’s over the same full calendar year 2025 period. The table shows that the dollars invested in CWIC earned \$902,702 more than they would have earned in CSRMA. The financial benefit of CWIC will of course fluctuate over time due to factors such as claims payments to CSRMA, overhead expenses and the investment environment, but in taking a long-term strategic approach with the captive, over time the expectation is that CWIC’s investment portfolio will yield a higher rate of return.

	Total Calendar 2025	
	Rate of Return %	ROI \$
CSRMA	6.88%	1,454,723
CWIC	12.53%	2,001,922
CWIC Benefit	5.65%	902,702
CWIC Net Benefit (after expenses)		594,024

- Note:*
- 1) CWIC’s FY 2024-25 overhead expenses were \$308,678. This figure includes only costs directly incurred as a result of establishing CWIC and excludes any pre-existing expenses borne by CSRMA that have since been allocated to CWIC, such as the California Workers’ Compensation Fraud Assessment.
  - 2) CWIC’s Investment Policy allows for a 60% fixed income / 40% equities balance.

**RECOMMENDATION:** None. Information Only.

**FISCAL IMPACT:** None.

## **BACKGROUND:**

### *A Brief History on CSRMA's Formation of CWIC*

A captive insurance company (captive) is a special purpose insurance or reinsurance company that is owned and controlled by its parent company, (in this case CSRMA). The captive's purpose is to insure some or all the risk of its parent. In so doing, the parent can secure coverage from the captive, and benefit from the captive's profitable underwriting of the parents' risk.

Many public agency risk-sharing pools have formed captives for both insurance needs and investment purposes. A captive could be used to expand product offerings to include new lines of insurance that may not be applicable to all members, or to offer coverage to third parties, or in CSRMA's case, assumes risk in CSRMA programs to diversify our panel of program carriers and capture underwriting profit. Captives are also created to broaden the pool's permissible investment universe and increase the opportunity for higher investment returns. As the captive matures the goal is to have surplus funds that can then be utilized for the financial benefit of CSRMA and its members (i.e. issue dividends, retrospectively rate coverage programs, provide rate relief, etc.).

### *CWIC's Board Members*

Sandeep Karkal, President  
Jason Dow, Treasurer  
Ryan Smart, Resident and Secretary  
Matt Anderson  
Steve Wagner

**ATTACHMENTS:** PFM Investment Performance Report, Quarter Ended 3/31/26



# Clean Water Insurance Captive

## Investment Performance Review For the Quarter Ended March 31, 2026

Client Management Team

Mallory Sampson, Director  
Allison Kaune, Relationship Manager

PFM Asset Management  
A division of U.S. Bancorp Asset Management, Inc.

1 California Street  
Suite 1000  
San Francisco, CA 94111

1735 Market Street  
43rd Floor  
Philadelphia, PA 19103

# **Financial Markets & Investment Strategy Review**

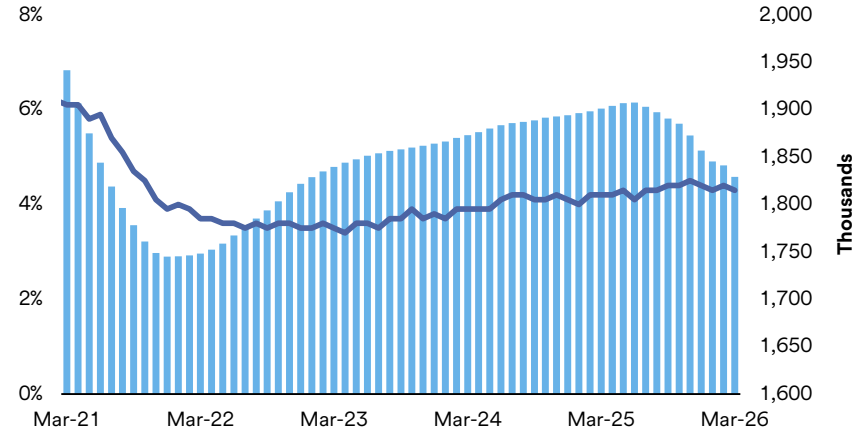
Index or Average Name	QTD	YTD	One Year	Three Year	Five Year	Seven Year	Ten Year
<b>DOMESTIC EQUITY</b>							
S&P 500 (TR)	-4.33%	-4.33%	17.80%	18.30%	12.06%	14.43%	14.15%
Russell 3000	-3.96%	-3.96%	18.09%	17.84%	10.86%	13.80%	13.71%
Russell 1000 Growth	-9.78%	-9.78%	18.81%	21.16%	12.75%	16.95%	16.82%
Russell 1000	-4.18%	-4.18%	17.74%	18.12%	11.33%	14.15%	13.96%
Russell 1000 Value	2.10%	2.10%	15.87%	14.29%	9.42%	10.63%	10.57%
Russell Midcap	1.29%	1.29%	15.98%	13.32%	7.26%	10.51%	10.90%
Russell Midcap Growth	-6.35%	-6.35%	9.56%	12.73%	5.37%	10.27%	11.68%
Russell Midcap Value	3.68%	3.68%	17.62%	13.13%	7.94%	9.86%	9.75%
Russell 2000 Growth	-2.81%	-2.81%	23.58%	12.25%	1.62%	7.67%	9.78%
Russell 2000	0.89%	0.89%	25.72%	13.03%	3.77%	8.60%	9.88%
Russell 2000 Value	4.96%	4.96%	28.09%	13.78%	5.79%	9.07%	9.60%
<b>INTERNATIONAL EQUITY</b>							
MSCI EAFE	-1.24%	-1.24%	21.27%	13.60%	7.91%	8.85%	8.37%
MSCI AC World	-3.20%	-3.20%	20.01%	16.56%	9.48%	11.61%	11.33%
MSCI AC World ex USA	-0.71%	-0.71%	24.91%	14.48%	7.01%	8.50%	8.37%
MSCI AC World ex USA Small Cap	-0.48%	-0.48%	27.82%	13.66%	5.66%	8.43%	8.00%
MSCI EM (Emerging Markets)	-0.17%	-0.17%	29.55%	14.82%	3.69%	6.58%	7.79%
<b>LISTED REAL ASSETS</b>							
FTSE Nareit/Equity REITs - INV	4.80%	4.80%	6.84%	9.09%	5.81%	5.34%	5.57%
MSCI U.S. REIT INDEX	4.84%	4.84%	6.79%	9.12%	5.80%	5.37%	5.56%
MSCI World Core Infrastructure	7.82%	7.82%	16.11%	10.94%	7.17%	7.03%	8.41%
<b>FIXED INCOME</b>							
Bloomberg U.S. Aggregate	-0.05%	-0.05%	4.35%	3.63%	0.31%	1.56%	1.70%
Bloomberg U.S. Government/Credit	-0.20%	-0.20%	3.86%	3.41%	0.24%	1.65%	1.79%
Bloomberg U.S. Intermediate Government/Credit	-0.02%	-0.02%	4.41%	4.24%	1.33%	2.20%	2.04%
Bloomberg U.S. Treasury (1-3 Y)	0.27%	0.27%	3.77%	4.04%	1.82%	2.11%	1.77%
ICE BofA U.S. High Yield	-0.55%	-0.55%	6.90%	8.49%	4.19%	4.94%	6.05%
Bloomberg Global Aggregate	-1.07%	-1.07%	4.26%	2.59%	-1.46%	0.19%	0.58%
<b>CASH EQUIVALENT</b>							
Bloomberg 3 Month T-Bill	0.87%	0.87%	4.05%	4.80%	3.40%	2.76%	2.29%

Source: Investment Metrics. Returns are expressed as percentages. Please refer to the last page of this document for important disclosures relating to this material.

**THE ECONOMY**

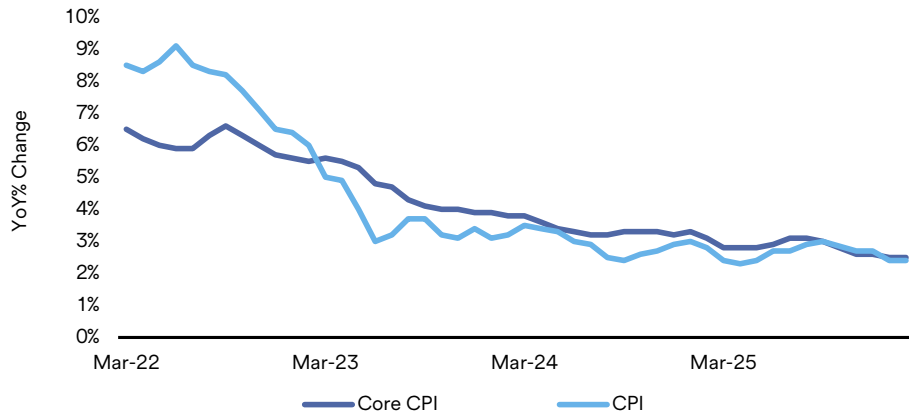
- U.S. real gross domestic product (GDP) grew at a seasonally adjusted annualized rate of 0.7% in the fourth quarter. This modest growth rate largely reflects the temporary effects of the government shutdown in October-November 2025 rather than a material deterioration in underlying private demand, and consumers continue to support growth. Real final sales to private domestic purchasers (the sum of consumer spending and gross private fixed investment) increased 1.9% during the quarter.
- The U.S. labor market saw an uneven start to the year, with 178k jobs added in March following a sharp drop in February and a moderate gain in January. The overall unemployment rate remained relatively stable, edging down to 4.3%, though part of the decline reflects workers leaving the workforce rather than an acceleration in hiring. Initial jobless claims ended the quarter at 202k (week ending March 28), near a two-year low, with continuing claims declining to approximately 1.8 million. Overall, there has been no meaningful increase in layoffs, consistent with a “low-hire, low-fire” environment.
- Inflation moderated in the first two months of the quarter. Headline inflation (CPI) increased 2.4% year-over-year (YoY) in February, the lowest level since May 2025. This moderating trend may encounter near-term pressure, as markets are pricing higher March inflation readings amid rising energy prices related to the conflict in the Middle East.

**U.S. Unemployment and Monthly Average Continued Claims**



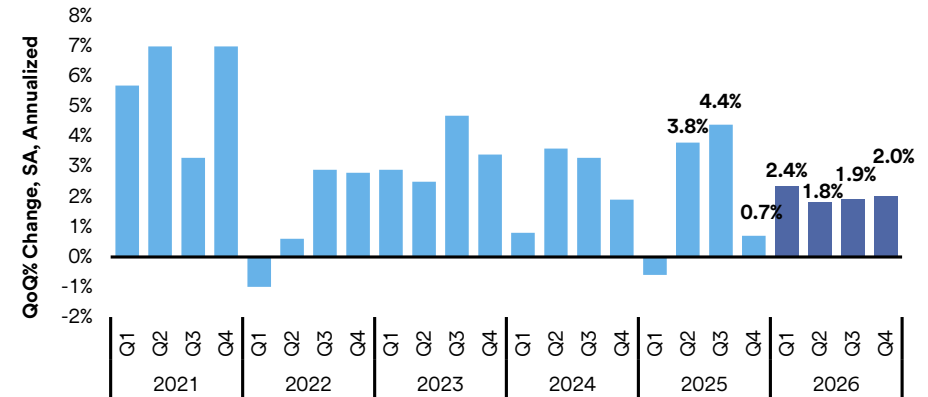
Source: Bloomberg.

**U.S. Inflation Rate**  
Seasonally Adjusted (SA)



Source: Bureau of Labor Statistics.

**U.S. GDP Growth**

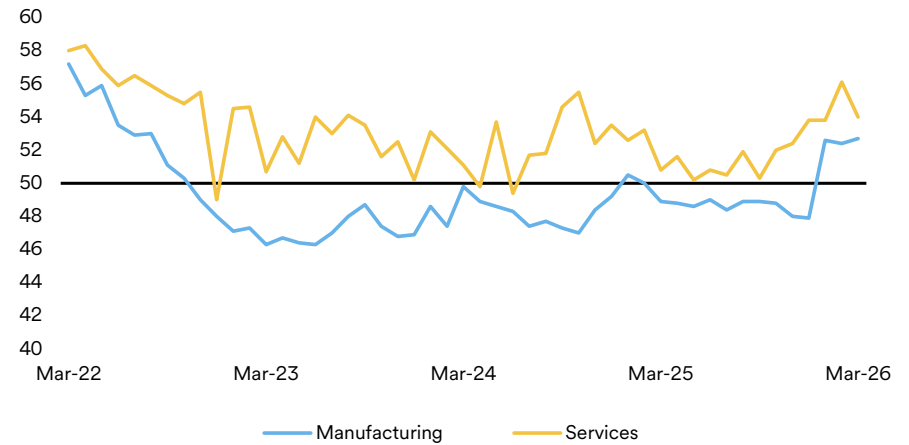


Source: Bloomberg. Light blue bars indicate actual numbers; dark blue bars indicate forecasted estimates.

**WHAT WE'RE WATCHING**

- The Federal Reserve (Fed) held rates steady in the first quarter amid persistent inflation pressures and muted net job creation. Looking ahead, the 2026 dot plot reflects expectations for one rate cut, though the outlook has become more uncertain, as geopolitical developments add complexity to the inflation path. Outside the U.S., the European Central Bank (ECB) and Bank of England (BOE) also held rates steady during the quarter, while markets continue to assess the likelihood of additional policy action in the months ahead.
- U.S. consumer sentiment, as measured by the University of Michigan Survey of Consumers, increased in the first two months of the quarter before retreating toward December levels, as higher gasoline prices and financial market volatility weighed on households' outlook.
- The first quarter was marked by an escalation of geopolitical conflict involving Iran, which remains an important risk factor for the global economy. Rising energy and commodity prices have increased uncertainty around the duration and magnitude of inflationary pressures. If disruptions to energy and commodity supply chains persist or intensify, risks to global growth could increase, including a higher probability of recession in energy-importing regions.

**U.S. ISM Manufacturing & Services PMI**



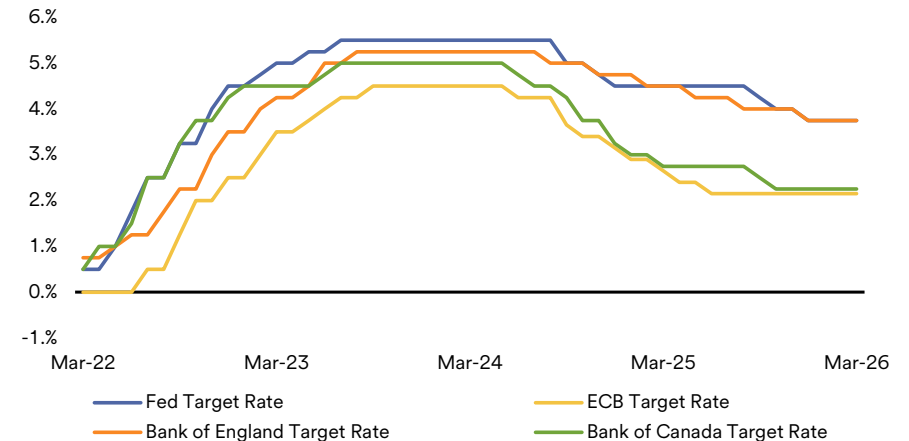
Source: Bloomberg.

**University of Michigan Consumer Sentiment**



Source: Bloomberg.

**Global Central Bank Rates**

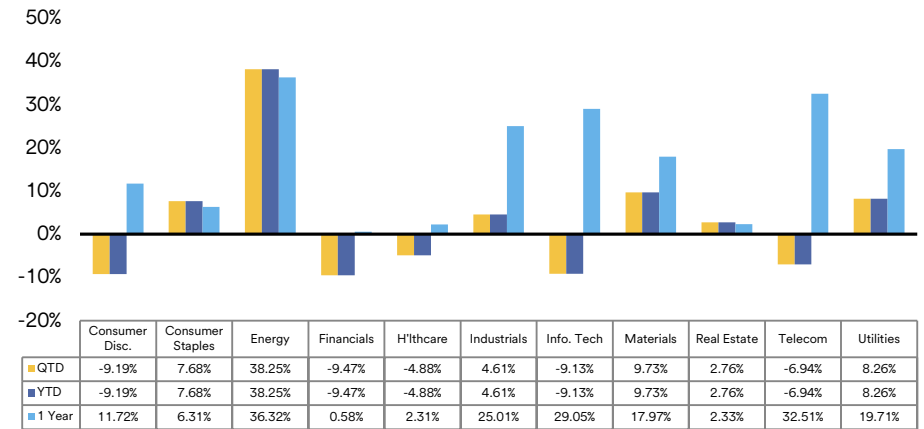


Source: Bloomberg.

**DOMESTIC EQUITY**

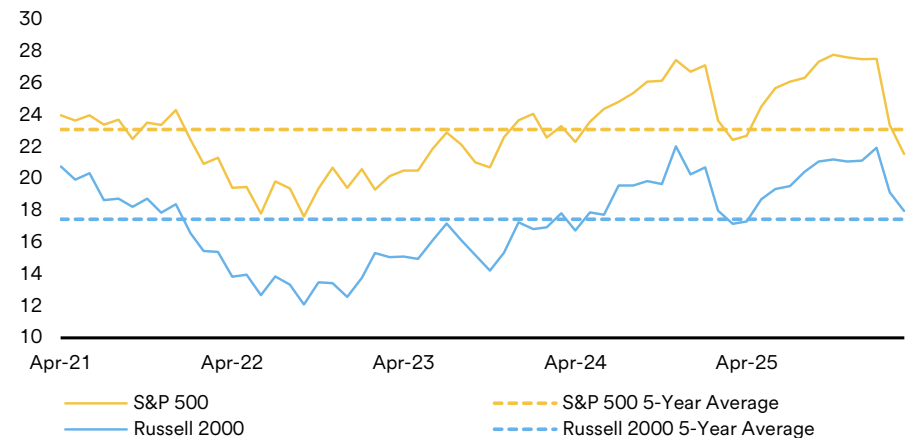
- Domestic equity markets, as represented by the S&P 500 Index (S&P) and the Russell 3000 Index, declined in the first quarter, returning -4.3% and -4.0%, respectively. This marked the weakest quarterly performance since 2022, as the geopolitical conflict involving Iran and continued volatility related to artificial intelligence exposure weighed on returns. Following the escalation of the conflict in late February, both indices declined -5.0% during the month of March.
- Within the S&P 500, performance varied widely across sectors, with six of the 11 posting positive returns for the quarter. Energy was the strongest performing sector, returning 38.2%, as supply disruptions contributed to higher prices. Materials (9.7%) and Utilities (8.3%) also posted solid gains. Consumer Discretionary declined -9.2%, while Financials lagged all sectors, posting a return of -9.5%.
- Large-cap stocks, as represented by the Russell 1000 Index, returned -4.2% during the quarter, as the “Magnificent Seven” experienced double-digit declines (-12.0%). Mid- and small-cap stocks outperformed large caps, with the Russell Midcap and Russell 2000 indices, returning 1.3% and 0.9%, respectively. Value stocks outperformed growth stocks across all capitalizations.
- According to FactSet Earnings Insight as of April 2, 2026, analysts project earnings growth of 13.2% for the first quarter of 2026, up from an initial estimate of 12.8% in December. If realized, this would represent the sixth consecutive quarter of double-digit, YoY earnings growth. Revenue is also expected to grow, with YoY revenue growth currently estimated at 9.7%, the highest rate since 2022. For calendar year 2026, analysts project earnings growth of 17.4%.
- At quarter end, the S&P 500’s 12-month adjusted positive forward price-to-earnings (P/E) ratio (includes only positive earnings results for consistency) stood at 21.6 — below its five-year average of 23.1 — as equity prices declined in March while earnings expectations remained elevated. The Russell 2000 Index, which represents small-cap stocks, posted an adjusted positive forward P/E ratio of 18.0, slightly above its five-year average of 17.5.

**S&P 500 Index Performance by Sector**  
Periods Ended March 31, 2026



Source: Bloomberg.

**P/E Ratios of Major Stock Indices\***



Source: Bloomberg.

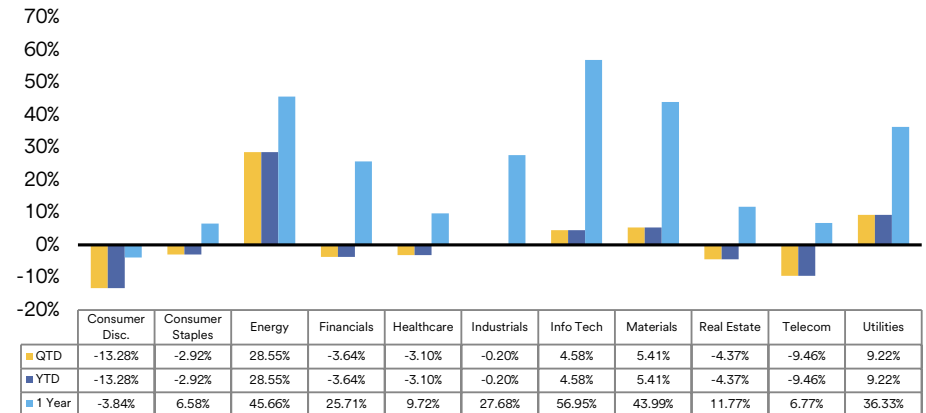
\*P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.

**INTERNATIONAL EQUITY**

- Markets outside of the United States, as measured by the MSCI ACWI ex-U.S. Index, also saw the impacts of the conflict in the Middle East, with posted a return of -0.7% for the first quarter, as sharp declines in March offset gains recorded earlier in the year. During March alone, the index returned -10.8%.
- Four of the 11 sectors posted positive returns for the quarter. As in the U.S., Energy (28.5%), Utilities (9.2%) and Materials (5.4%) led performance. The weakest sectors were Real Estate (-4.4%), Communication Services (-9.5%), and Consumer Discretionary (-13.3%).
- Developed ex-U.S. markets, as represented by the MSCI EAFE Index, and emerging markets (EM), as represented by the MSCI Emerging Markets Index, returned -1.2% and -0.2%.
- Among the five largest-weighted countries in the MSCI EAFE Index, the MSCI United Kingdom (2.0%) and MSCI Japan (1.4%), indices outperformed the broader index, while MSCI Switzerland (-4.2%), MSCI France (-5.4%), and MSCI Germany (-8.5%) indices underperformed.
- Within EM, MSCI Korea (16.5%), MSCI Taiwan (9.1%), and MSCI Brazil (19.1%) outperformed the MSCI Emerging Markets index, while MSCI China (-8.9%) and MSCI India (-18.1%) underperformed with notable negative returns. While Korea and Taiwan's posted positive quarterly returns, this is due to extremely strong gains earlier in the quarter which offset pronounced losses in March (-25.5% and -13.0%, respectively)
- Value stocks outperformed growth stocks for the quarter as represented by the broad benchmarks. The MSCI AC World ex-USA Growth Index returned -3.6%, while the MSCI AC World ex-USA Value Index returned 2.1%. Within EM, value stocks (MSCI EM Value) returned 0.7% versus -1.7% for growth. Small-cap stocks, as represented by the MSCI ACWI ex-U.S. Small Cap Index, declined -0.5%.
- Equity valuations increased across both emerging and developed markets and now sit modestly above long-term averages. At quarter end, the MSCI EAFE's adjusted positive forward P/E ratio stood at 15.9, above its five-year average of 15.3. The MSCI Emerging Markets Index ended the quarter at an adjusted positive forward P/E ratio of 11.7, below its five-year average of 13.0.

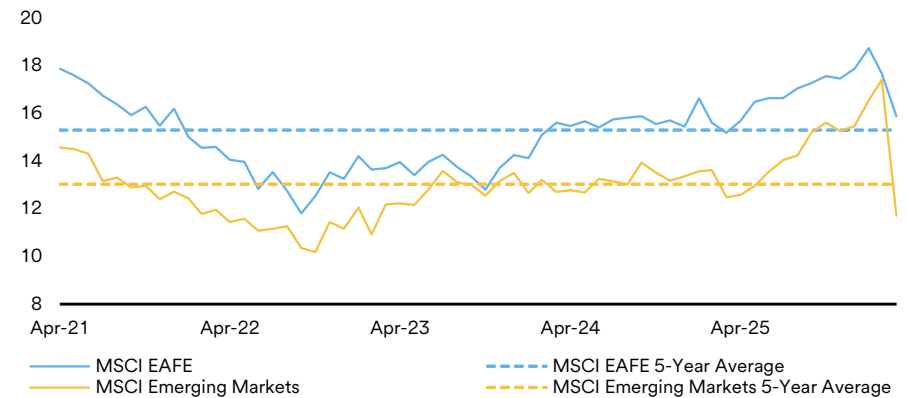
**MSCI ACWI ex-U.S. Sectors**

Periods Ended March 31, 2026



Source: Bloomberg.

**P/E Ratios of MSCI Equity Indices\***



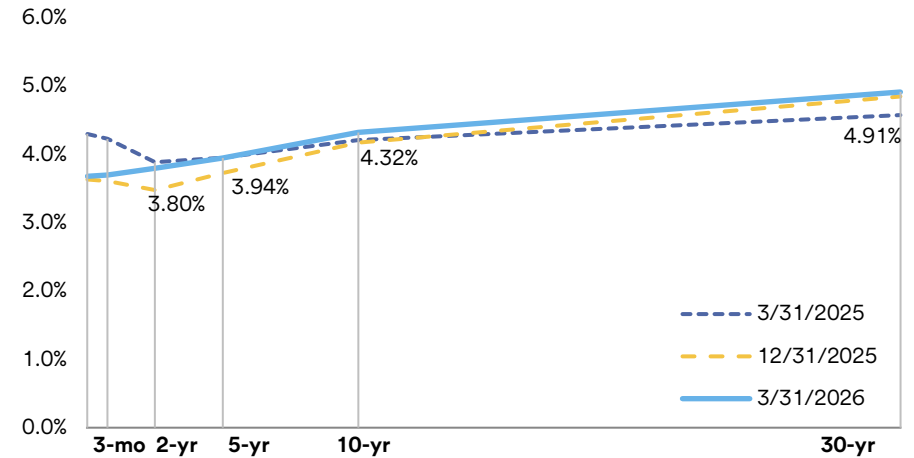
Source: Bloomberg.

\*P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.

**FIXED INCOME**

- The U.S. bond market, as represented by the Bloomberg U.S. Aggregate Index, returned -0.1% in the first quarter of 2026. Performance was weighed down by declines in March (-1.8%), as bonds failed to provide diversification benefits during the sell-off amid near-term inflation concerns. Interest-rate volatility increased over the quarter, with the ICE BofA Move Index rising to a nine-month high, reflecting uncertainty surrounding the duration of the geopolitical conflict involving Iran.
- The Bloomberg U.S. Treasury Index also finished the quarter little changed, declining -4 basis points (bps). While the Fed held rates steady, Treasury yields moved higher as investors reassessed the expected timing and pace of future rate cuts. The 30-year Treasury yield rose 7 bps to 4.9%, while the 2-year Treasury rose 32 bps to 3.8%.
- Corporate credit generated negative returns across the quality spectrum. The Bloomberg U.S. Corporate Investment Grade Index declined -0.5%, while the ICE BofA High Yield Index returned -0.6%. Credit spreads widened for both investment-grade and high-yield corporates and now sit above their respective 10-year averages. Despite near-term pressure, corporate fundamentals remain supported by elevated profit margins, ongoing share repurchases, and continued merger and acquisitions activity. AI-related corporate debt issuance across corporate bonds and bank loans space has drawn increased investor attention during the quarter, reflecting continuing financing demand among technology-oriented issuers.

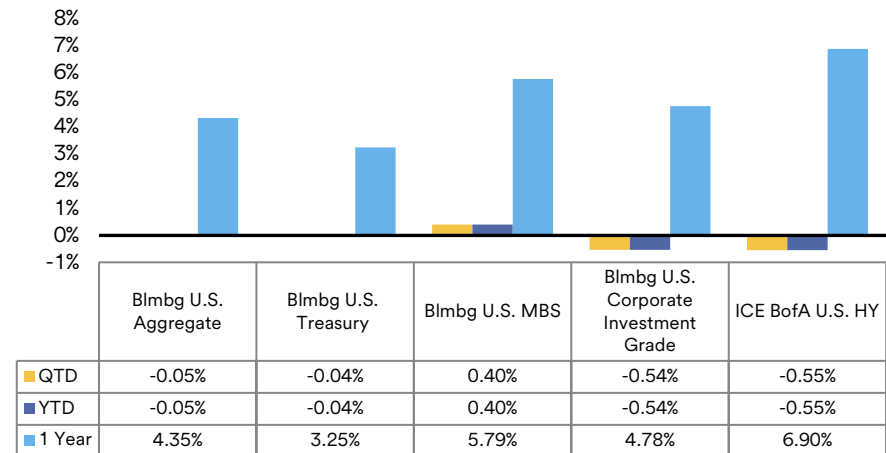
**U.S. Treasury Yield Curve**



Source: Bloomberg.

**Returns for Fixed-Income Segments**

Periods Ended March 31, 2026

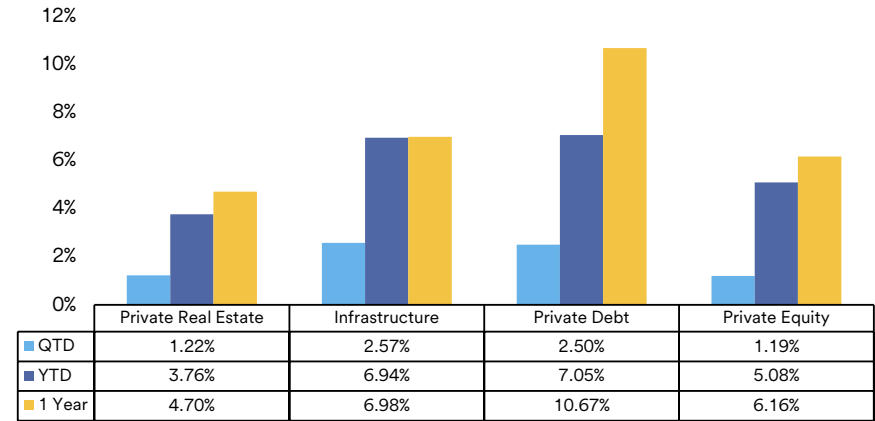


Source: Bloomberg.

**ALTERNATIVES**

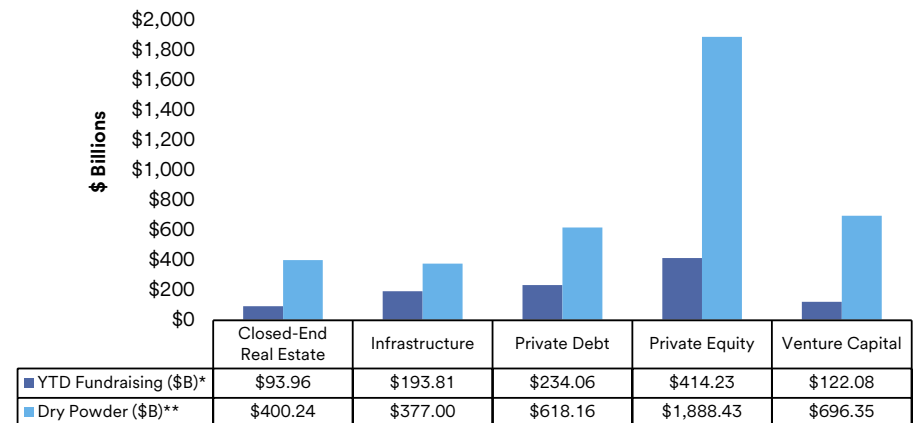
- Real estate investment trusts (REITs), as measured by the MSCI U.S. REITs Index, returned 4.8% in the first quarter of 2026. Private real estate, as measured by the NCREIF Property Index, gained 1.2% in the third quarter of 2025, marking the fourth consecutive quarter of positive total returns, driven primarily by income, with modest property appreciation also contributing. Senior Housing was the strongest-performing property type, returning 2.9%, while Office posted a modest gain of 0.9%.
- Listed infrastructure, as represented by the MSCI World Core Infrastructure Index, returned 7.8% in the first quarter of 2026. According to PitchBook, private infrastructure funds posted returns of 2.6% in the third quarter of 2025, generating an annualized return of 10.9% over the five years ended Q3 2025. By the end of the fourth quarter of 2025, 60 private infrastructure funds had raised \$193.8 billion, with the majority of the capital flowing to larger-scale strategies focused on long-term demand themes, including artificial intelligence.
- By the end of 2025, 200 private debt funds had raised \$234.1 billion, with capital increasingly concentrated among fewer, larger funds. Private debt dry powder remained elevated at \$618.2 billion as of June 30, 2025. According to Cliffwater, while performance remains positive, returns have moderated, with private debt funds posting a return of 2.5% in the third quarter of 2025. The asset class has generated an annualized return of 10.5% over the past five years.
- Private equity fundraising slowed further in 2025, with 578 private equity funds having raised \$414.2 billion, marking the weakest annual fundraising environment since 2020. Despite this slowdown, global private equity dry powder — which accounts for the bulk of private capital dry powder — remains elevated at \$1.9 trillion as of June 30, 2025. Lower borrowing costs could support exit activity and fundraising in 2026, although sustained geopolitical uncertainty poses an ongoing risk. According to PitchBook, private equity funds returned 1.2% in the third quarter of 2025 and have generated an annualized return of 14.2% for the five years.

**Returns for Private Capital Assets**



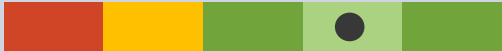

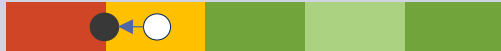



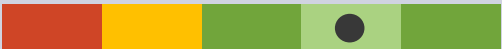

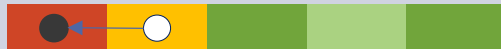
Source: NCREIF, PitchBook, Cliffwater.  
As of September 30, 2025, the most recent period for which all index data is available.

**Private Capital Fundraising & Dry Powder**



Sources: Pitchbook.  
\* Total capital raised in 2025 as of December 31, 2025 - most recent period for which ALL fundraising data is available.  
\*\* Cumulative dry powder as of June 30, 2025 except Infrastructure dry powder which is as of March 31, 2025.

**Factors to Consider Over the Next 6-12 Months**

<p><b>Monetary Policy (Global):</b></p>  <ul style="list-style-type: none"> <li>• The Fed held rates steady in Q1 amid persistent inflation pressures and limited net job creation.</li> <li>• The “dot plot” projects 25 bps of rate cuts in both 2026 and 2027; however, this is predicated on inflation progress.</li> <li>• Global central banks remained on pause in Q1, but recent inflation pressures may necessitate hikes.</li> </ul>	<p><b>Economic Growth (Global):</b></p>  <ul style="list-style-type: none"> <li>• Stable consumer and business spending support growth, offsetting the weakness seen from the U.S. government shutdown in Q4 GDP.</li> <li>• Risks to global growth prospects have increased amid the escalating conflict due to higher energy prices, supply-chain disruptions, and increased uncertainty.</li> </ul>	<p><b>Inflation (U.S.):</b></p>  <ul style="list-style-type: none"> <li>• The inflation outlook depends on the duration of the Middle East conflict and degree to which higher energy and commodity costs raise core goods and services prices.</li> <li>• Near-term inflation expectations have increased due to the higher energy prices while long-run expectations remain anchored.</li> </ul>
<p><b>Financial Conditions (U.S.):</b></p>  <ul style="list-style-type: none"> <li>• The conflict in the Middle East has tightened financial conditions. The duration of the conflict and its impact on the economy will be a key driver of corporate fundamentals.</li> <li>• Geopolitical conflict, higher energy prices, and the evolution of the economy are key risks to watch. At this time, we view volatility in private credit as contained and not a systemic risk.</li> </ul>	<p><b>Consumer Spending (U.S.):</b></p>  <ul style="list-style-type: none"> <li>• Wage growth continues to exceed inflation, but this gap has narrowed. Energy shocks may compress real incomes and reduce discretionary spending.</li> <li>• Lower-income cohorts remained more exposed to higher energy prices as a larger share of household budgets are allocated to essentials.</li> <li>• Higher-income cohorts benefit from strong equity markets and home prices.</li> </ul>	<p><b>Labor Markets (U.S.):</b></p>  <ul style="list-style-type: none"> <li>• Labor market conditions continued to cool with net new job creation close to zero.</li> <li>• The Fed has framed the combination of limited job growth and a stable unemployment rate as an uncomfortable balance.</li> <li>• Initial jobless claims and layoff rates remain low, consistent with a continued “low-hire/low-fire” environment.</li> </ul>
<p><b>Corporate Fundamentals:</b></p>  <ul style="list-style-type: none"> <li>• Earnings growth expectations are positive across global equities with double digit growth expected across U.S. and international equity benchmarks.</li> <li>• In the U.S., M&amp;A and capital spending pickup, tax changes and rate cuts are positives while any energy and commodity related cost pressure impact needs to be monitored.</li> </ul>	<p><b>Valuations:</b></p>  <ul style="list-style-type: none"> <li>• Recent sell-off has led to improvement in valuations across U.S. equities and credit markets.</li> <li>• Resilient growth, strong earnings growth and profit margins are supportive of the current valuations.</li> <li>• Any prolonged disruption to energy or elevated geopolitical uncertainty warrant caution.</li> </ul>	<p><b>Political/Policy Risks:</b></p>  <ul style="list-style-type: none"> <li>• Conflict with Iran and the ongoing geopolitical uncertainty are impacting risk assets negatively. We expect geopolitical uncertainty to remain elevated in the near-term.</li> <li>• Tariff-related uncertainty and upcoming mid-term elections in the U.S. also warrant attention.</li> </ul>



Statements and opinions expressed about the next 6-12 months were developed based on our independent research with information obtained from Bloomberg. The views expressed within this material constitute the perspective and judgment of PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc., at the time of distribution (March 31, 2026) and are subject to change. Information is obtained from sources generally believed to be reliable and available to the public; however, we cannot guarantee its accuracy, completeness, or suitability.

**Long-Term Strategic Approach to Private Capital/Alternatives**

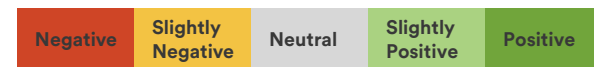
Sub-Asset Class	Long-Term Strategic View	Recent Trends (as of 2026 Q1)
<b>Private Equity</b>	Provides attractive returns with lower correlations to public market equities due to their ability to invest in early-stage growth companies or ability to turnaround a struggling firm.	<ul style="list-style-type: none"> <li>Exit activity is gradually improving, with IPOs and M&amp;A showing early signs of recovery</li> <li>Secondary buyouts and GP led continuation vehicles remain key liquidity tools amid longer hold periods</li> <li>Deal activity remains selective, with focus on operational value creation and conservative leverage</li> <li>VC activity remains subdued, with capital concentrated in AI, semiconductors, and defense industries</li> </ul>
<b>Private Debt</b>	Provides higher returns than the public market debt due to the ability to customize terms and floating rate structure of most notes.	<ul style="list-style-type: none"> <li>Private credit continues to gain share as bank lending remains constrained, despite recent trends of increased redemption from wealth investors</li> <li>Yields remain attractive versus public credit, though spread compression has emerged</li> <li>Credit dispersion is rising, highlighting importance of underwriting and manager selection</li> <li>Increased focus on asset backed lending, real estate debt, and special situations</li> </ul>
<b>Real Assets</b> Real Estate Infrastructure	Provides exposure to inflation sensitive assets that typically generate returns from a combination of capital appreciation and income generation.	<ul style="list-style-type: none"> <li><b>Real Estate:</b> Transaction activity is stabilizing as pricing discovery improves. Performance remains highly sector specific, with industrial and multifamily outperforming. Refinancing pressure is creating opportunities in distressed and debt strategies</li> <li><b>Infrastructure:</b> Structural demand remains strong, driven by energy transition, electrification, and data centers. Long duration, inflation linked cash flows support infrastructure's defensive income profile</li> </ul>
<b>Diversifying Assets</b> Hedge Funds	Expected to lower the volatility and correlation within portfolios while providing access to esoteric strategies.	<ul style="list-style-type: none"> <li>Hedge funds generated positive absolute returns, led by macro, relative value, and L/S equity</li> <li>Correlations to 60/40 portfolios have moderated, restoring diversification benefits</li> <li>Higher cash rates continue to support carry oriented and market neutral strategies</li> </ul>

*The view expressed within this material constitute the perspective and judgment of PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc. at the time of distribution (March 31, 2026) and are subject to change.*

**Investment Strategy Overview**

Asset Class	Our Q2 2026 Investment Outlook	Comments
<b>U.S. Equities</b>		<ul style="list-style-type: none"> <li>The duration of U.S.-Iran conflict and its impact on energy supply will impact inflation and growth, rates, and market returns near-term but we expect impact to be more muted in the U.S.</li> <li>Underlying fundamentals still supportive of positive equity returns, with economic growth still intact and corporate earnings expected to grow at a high double-digit pace.</li> <li>Resilient economic growth, ongoing consumer strength, expected rate cuts, equity market broadening and strong earnings growth led us to modestly overweight domestic small caps in Q1, prior to the U.S.-Iran conflict. The recent pullback has improved attractiveness of valuations relative to historical averages. We maintain the overweight despite elevated uncertainty.</li> </ul>
Large-Caps		
Small-Caps		
<b>Non-U.S. Equities</b>		<ul style="list-style-type: none"> <li>International equities are at a higher risk of pullback if energy prices remain elevated. Major central banks outside the U.S. are now expected to hike two to three times this year as near-term inflation pressures rise, reversing earlier expectations for rate cuts.</li> <li>Energy-importing developed and emerging market economies are more vulnerable to higher energy prices, leading us to remain neutral. Tariff-related uncertainty also remains a headwind as alternative tariff mechanisms are considered.</li> </ul>
Developed Markets		
Emerging Markets		
<b>Fixed Income</b>		<ul style="list-style-type: none"> <li>The Fed held rates steady at its March meeting, while the conflict-driven inflation outlook has increased uncertainty around rate cuts. Our base case is that Fed's next move is a cut rather than a hike.</li> <li>We continue to monitor increased volatility across fixed income yields. Absolute yield levels look attractive. Credit spreads have widened slightly. Strong profit margins, continued issuance, continued buybacks and ongoing M&amp;A activity points to healthy corporate sentiment.</li> <li>We remain neutral across duration and credit sectors.</li> </ul>
Core Bonds		
Investment-Grade Credit		
High-Yield Credit		
<b>Diversifying Assets</b>		<ul style="list-style-type: none"> <li>Listed REITs and listed global infrastructure outperformed domestic and global equities respectively during the March pullback, highlighting their diversification benefits.</li> <li>In addition to diversified sources of return, improving AI sentiment continues to support data center and utilities buildout as a tailwind for listed real assets.</li> </ul>
Listed Real Estate		
Listed Global Infrastructure		

● Current outlook    ○ Outlook one quarter ago



The view expressed within this material constitute the perspective and judgment of PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc., at the time of distribution (March 31, 2026) and are subject to change.

## SOURCES

Factset

<https://www.bea.gov/sites/default/files/2024-12/gdp3q24-3rd-fax.pdf>

<https://www.bls.gov/news.release/pdf/empisit.pdf>

<https://www.bls.gov/news.release/pdf/cpi.pdf>

<http://www.sca.isr.umich.edu/>

NCREIF

PitchBook

Cliffwater

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# Plan Performance Summary

## Asset Allocation &amp; Performance

	Allocation		Performance(%)						
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	Since Inception	Inception Date
<b>Total Fund</b>	<b>22,093,338</b>	<b>100.00</b>	<b>-1.01</b>	<b>-1.01</b>	<b>10.26</b>	<b>N/A</b>	<b>N/A</b>	<b>9.82</b>	<b>12/01/2023</b>
<i>Blended Benchmark</i>			<i>-1.09</i>	<i>-1.09</i>	<i>10.70</i>	<i>N/A</i>	<i>N/A</i>	<i>10.26</i>	
<b>Domestic Equity</b>	<b>5,947,178</b>	<b>26.92</b>							
First American Multi-Manager Domestic Equity Fund	5,686,530	25.74	-4.40	-4.40	17.48	16.00	9.60	16.71	12/01/2023
<i>Russell 3000 Index</i>			<i>-3.96</i>	<i>-3.96</i>	<i>18.09</i>	<i>17.85</i>	<i>10.87</i>	<i>17.84</i>	
Schwab US Large-Cap ETF - 74.6%			-4.38	-4.38	17.63	18.25	11.41	13.66	06/01/2024
<i>Russell 1000 Index</i>			<i>-4.18</i>	<i>-4.18</i>	<i>17.74</i>	<i>18.14</i>	<i>11.34</i>	<i>13.75</i>	
Aristotle Atlantic Core Equity - 9.9% (^)			-4.09	-4.09	21.79	19.78	N/A	20.87	12/01/2023
<i>Russell 1000 Index (since 8/1/24, Russell 3000 prior)</i>			<i>-4.18</i>	<i>-4.18</i>	<i>17.74</i>	<i>17.98</i>	<i>10.94</i>	<i>18.01</i>	
Putnam US Core Equity - 9.8% (^)			-4.01	-4.01	18.66	N/A	N/A	7.77	12/01/2024
<i>Russell 1000 Index</i>			<i>-4.18</i>	<i>-4.18</i>	<i>17.74</i>	<i>18.14</i>	<i>11.34</i>	<i>6.91</i>	
Osterweis Small Cap Growth - 2.4% (^)			-4.51	-4.51	N/A	N/A	N/A	-4.64	12/01/2025
<i>Russell 2000 Growth Index</i>			<i>-2.81</i>	<i>-2.81</i>	<i>23.58</i>	<i>12.27</i>	<i>1.62</i>	<i>-4.05</i>	
PIMCO RAE US Small Cap - 2.3%			1.03	1.03	17.26	16.09	10.76	13.35	08/01/2025
<i>Russell 2000 Value Index</i>			<i>4.96</i>	<i>4.96</i>	<i>28.09</i>	<i>13.80</i>	<i>5.79</i>	<i>19.91</i>	
iShares Russell 2000 ETF	260,648	1.18	0.86	0.86	25.57	12.89	3.65	-5.03	03/01/2026
<i>Russell 2000 Index</i>			<i>0.89</i>	<i>0.89</i>	<i>25.72</i>	<i>13.05</i>	<i>3.77</i>	<i>-5.00</i>	
<b>International Equity</b>	<b>3,057,901</b>	<b>13.84</b>							
First American Multi-Manager International Equity Fund	3,057,901	13.84	0.80	0.80	23.24	13.92	5.83	17.27	12/01/2023
<i>MSCI AC World ex USA (Net)</i>			<i>-0.71</i>	<i>-0.71</i>	<i>24.91</i>	<i>14.49</i>	<i>7.02</i>	<i>17.50</i>	
WCM Focused International Equity - 15.0% (^)			-0.63	-0.63	15.88	12.25	5.90	15.30	12/01/2023
Ninety One Int'l Dynamic Equity - 14.5% (^)			-0.49	-0.49	22.77	14.87	N/A	19.07	12/01/2023
Acadian Non-U.S. Equity - 7.5% (^)			-1.52	-1.52	23.88	17.72	10.03	20.78	12/01/2023
<i>MSCI AC World ex USA (Net)</i>			<i>-0.71</i>	<i>-0.71</i>	<i>24.91</i>	<i>14.49</i>	<i>7.02</i>	<i>17.50</i>	
Aristotle International Equity - 7.4% (^)			-4.37	-4.37	13.69	11.43	5.94	12.51	12/01/2023
<i>MSCI EAFE (net)</i>			<i>-1.24</i>	<i>-1.24</i>	<i>21.27</i>	<i>13.62</i>	<i>7.91</i>	<i>16.11</i>	
Schwab International Equity ETF - 33.0%			0.25	0.25	27.13	15.26	8.50	15.41	09/01/2024
<i>MSCI EAFE (net)</i>			<i>-1.24</i>	<i>-1.24</i>	<i>21.27</i>	<i>13.62</i>	<i>7.91</i>	<i>12.31</i>	
Schwab Emerging Markets Equity ETF - 13.1%			-2.38	-2.38	20.08	12.82	3.49	14.88	09/01/2024
<i>MSCI EM (net)</i>			<i>-0.17</i>	<i>-0.17</i>	<i>29.55</i>	<i>14.84</i>	<i>3.69</i>	<i>18.51</i>	
Pzena Emerging Markets Value - 4.5% (^)			N/A	N/A	N/A	N/A	N/A	-7.70	02/01/2026
Driehaus Emerging Markets Growth - 4.5%			3.78	3.78	35.22	15.85	4.50	-5.32	02/01/2026
<i>MSCI EM (net)</i>			<i>-0.17</i>	<i>-0.17</i>	<i>29.55</i>	<i>14.84</i>	<i>3.69</i>	<i>-8.28</i>	

Returns are net of mutual fund fees and are expressed as percentages.

(^) Performance information is gross of fees and reflects sleeve level information (not specific to this client/investor). It is provided by sub-advisers of the First American Multi-Manager Equity Fund, First American Multi-Manager International Equity Fund and First American Multi-Manager Fixed-Income Fund.

## Asset Allocation &amp; Performance

	Allocation		Performance(%)						
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	Since Inception	Inception Date
<b>Fixed Income</b>	<b>13,021,088</b>	<b>58.94</b>							
First American Multi-Manager Fixed Income Fund	13,021,088	58.94	-0.01	-0.01	4.43	4.35	0.77	5.69	12/01/2023
<i>Blmbg. U.S. Aggregate</i>			-0.05	-0.05	4.35	3.63	0.31	5.28	
PGIM Core Fixed - 35.9% (^)			0.03	0.03	4.94	4.52	0.83	6.15	12/01/2023
TIAA Core Fixed - 35.7% (^)			0.09	0.09	5.34	4.58	0.77	6.37	12/01/2023
<i>Blmbg. U.S. Aggregate</i>			-0.05	-0.05	4.35	3.63	0.31	5.28	
USBAM Core Fixed - 5.6% (^)			0.12	0.12	N/A	N/A	N/A	0.62	11/01/2025
<i>Blmbg. U.S. Aggregate</i>			-0.05	-0.05	4.35	3.63	0.31	0.43	
iShares Core U.S. Aggregate Bond ETF - 7.7%			0.04	0.04	4.35	3.63	0.31	5.28	12/01/2023
<i>Blmbg. U.S. Aggregate</i>			-0.05	-0.05	4.35	3.63	0.31	5.28	
iShares 10-20 Year Treasury Bond ETF - 3.0%			-0.19	-0.19	1.29	-0.06	-3.22	2.66	03/01/2024
<i>ICE U.S. Treasury 10-20 Year Bond Index</i>			-0.16	-0.16	1.42	0.01	-3.13	2.76	
PineBridge IG Credit - 5.0% (^)			-0.48	-0.48	5.05	5.21	0.92	6.33	12/01/2023
<i>Blmbg. U.S. Credit Index</i>			-0.48	-0.48	4.84	4.62	0.77	5.81	
Brown Bros. Harriman Structured - 6.6% (^)			0.65	0.65	4.86	6.87	4.15	7.14	12/01/2023
<i>ICE BofA ABS Fxd &amp; Flting Rate AA-BBB Idx</i>			0.55	0.55	4.77	6.38	3.22	6.84	
<b>Cash Equivalent</b>	<b>67,170</b>	<b>0.30</b>							
First American Government Obligation - Z	67,170	0.30	0.88	0.88	4.01	4.71	3.32	4.58	12/01/2023
<i>ICE BofA 3 Month U.S. T-Bill</i>			0.85	0.85	4.00	4.74	3.34	4.61	

Returns are net of mutual fund fees and are expressed as percentages.

(^) Performance information is gross of fees and reflects sleeve level information (not specific to this client/investor). It is provided by sub-advisers of the First American Multi-Manager Equity Fund, First American Multi-Manager International Equity Fund and First American Multi-Manager Fixed-Income Fund.

## Comparative Performance - Calendar Year

	2025	2024	2023	2022	2021
<b>Total Fund</b>	<b>12.53</b>	<b>7.36</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<i>Blended Benchmark</i>	13.23	7.43	N/A	N/A	N/A
<b>Domestic Equity</b>					
First American Multi-Manager Domestic Equity Fund	16.92	21.53	22.05	-18.97	26.28
<i>Russell 3000 Index</i>	17.15	23.81	25.96	-19.21	25.66
Schwab US Large-Cap ETF - 74.6%	17.42	24.90	26.86	-19.44	26.74
<i>Russell 1000 Index</i>	17.37	24.51	26.53	-19.13	26.45
Aristotle Atlantic Core Equity - 9.9% (^)	19.50	27.91	23.37	-21.43	N/A
<i>Russell 1000 Index (since 8/1/24, Russell 3000 prior)</i>	17.37	24.26	25.96	-19.21	25.66
Putnam US Core Equity - 9.8% (^)	18.09	N/A	N/A	N/A	N/A
<i>Russell 1000 Index</i>	17.37	24.51	26.53	-19.13	26.45
Osterweis Small Cap Growth - 2.4% (^)	N/A	N/A	N/A	N/A	N/A
<i>Russell 2000 Growth Index</i>	13.01	15.15	18.66	-26.36	2.83
PIMCO RAE US Small Cap - 2.3%	6.29	22.08	20.06	-4.64	40.37
<i>Russell 2000 Value Index</i>	12.59	8.05	14.65	-14.48	28.27
iShares Russell 2000 ETF	12.69	11.35	16.80	-20.48	14.62
<i>Russell 2000 Index</i>	12.81	11.54	16.93	-20.44	14.82
<b>International Equity</b>					
First American Multi-Manager International Equity Fund	29.51	5.41	14.63	-20.79	9.38
<i>MSCI AC World ex USA (Net)</i>	32.39	5.53	15.62	-16.00	7.82
WCM Focused International Equity - 15.0% (^)	22.28	9.11	18.14	-28.14	18.78
Ninety One Int'l Dynamic Equity - 14.5% (^)	31.31	9.21	13.61	-19.77	N/A
<i>MSCI AC World ex USA (Net)</i>	32.39	5.53	15.62	-16.00	7.82
Acadian Non-U.S. Equity - 7.5% (^)	35.11	10.43	15.37	-12.37	14.31
Aristotle International Equity - 7.4% (^)	23.01	6.29	18.54	-20.52	17.21
<i>MSCI EAFE (net)</i>	31.22	3.82	18.24	-14.45	11.26
Schwab International Equity ETF - 33.0%	34.47	3.46	18.28	-14.90	11.42
<i>MSCI EAFE (net)</i>	31.22	3.82	18.24	-14.45	11.26
Schwab Emerging Markets Equity ETF - 13.1%	25.85	11.59	7.96	-17.10	-0.72
<i>MSCI EM (net)</i>	33.57	7.50	9.83	-20.09	-2.54
Pzena Emerging Markets Value - 4.5% (^)	N/A	N/A	N/A	N/A	N/A
Driehaus Emerging Markets Growth - 4.5%	30.22	7.69	11.45	-22.35	-1.69
<i>MSCI EM (net)</i>	33.57	7.50	9.83	-20.09	-2.54

Returns are net of mutual fund fees and are expressed as percentages.

(\*) Performance information is gross of fees and reflects sleeve level information (not specific to this client/investor). It is provided by sub-advisers of the First American Multi-Manager Equity Fund, First American Multi-Manager International Equity Fund and First American Multi-Manager Fixed-Income Fund.

## Comparative Performance - Calendar Year

	2025	2024	2023	2022	2021
<b>Fixed Income</b>					
First American Multi-Manager Fixed Income Fund	7.04	2.57	6.70	-13.06	-0.85
<i>Blmbg. U.S. Aggregate</i>	7.30	1.25	5.53	-13.01	-1.55
PGIM Core Fixed - 35.9% (^)	7.82	2.33	6.70	-13.76	-0.98
TIAA Core Fixed - 35.7% (^)	8.13	2.82	6.35	-14.23	-0.64
USBAM Core Fixed - 5.6% (^)	N/A	N/A	N/A	N/A	N/A
iShares Core U.S. Aggregate Bond ETF - 7.7%	7.19	1.37	5.59	-13.06	-1.67
<i>Blmbg. U.S. Aggregate</i>	7.30	1.25	5.53	-13.01	-1.55
iShares 10-20 Year Treasury Bond ETF - 3.0%	6.39	-4.00	3.97	-25.44	-5.33
<i>ICE U.S. Treasury 10-20 Year Bond Index</i>	6.53	-3.98	3.32	-25.20	-5.00
PineBridge IG Credit - 5.0% (^)	8.17	2.61	8.40	-15.83	0.02
<i>Blmbg. U.S. Credit Index</i>	7.83	2.03	8.18	-15.26	-1.08
Brown Bros. Harriman Structured - 6.6% (^)	6.26	8.26	7.90	-3.87	3.01
<i>ICE BofA ABS Fxd &amp; Flting Rate AA-BBB Idx</i>	6.22	7.29	8.23	-6.33	1.77
<b>Cash Equivalent</b>					
First American Government Obligation - Z	4.19	5.15	4.98	1.48	0.02
<i>ICE BofA 3 Month U.S. T-Bill</i>	4.18	5.25	5.02	1.46	0.05

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Account Reconciliation

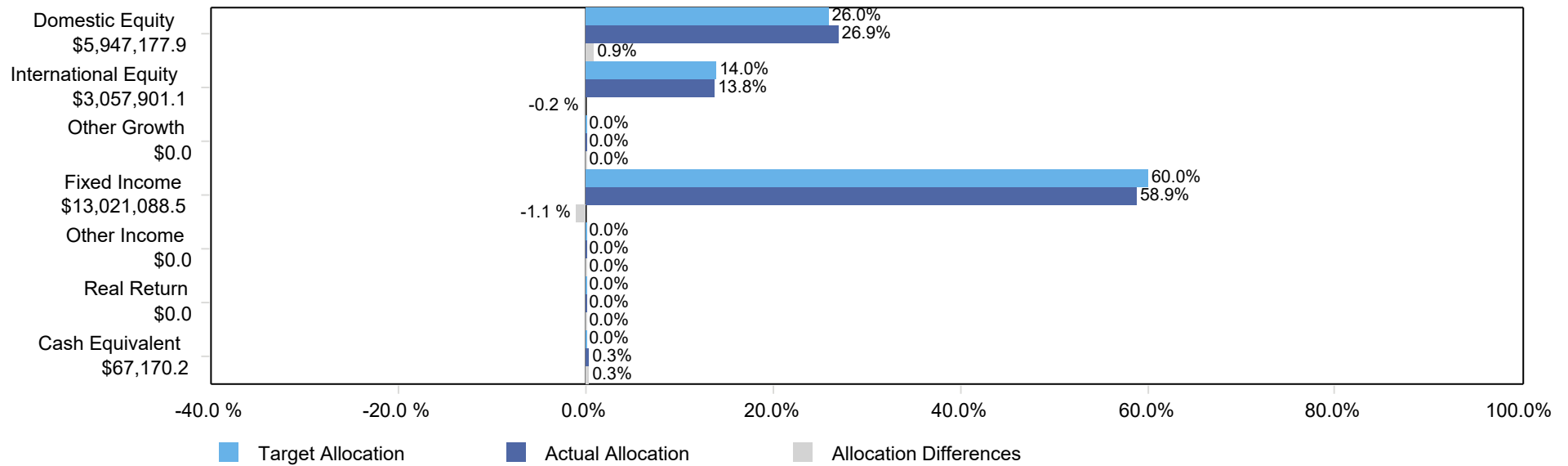
QTR				
	Market Value As of 01/01/2026	Net Flows	Return On Investment	Market Value As of 03/31/2026
Total Fund	15,977,029	6,424,840	(308,532)	22,093,338

YTD				
	Market Value As of 01/01/2026	Net Flows	Return On Investment	Market Value As of 03/31/2026
Total Fund	15,977,029	6,424,840	(308,532)	22,093,338

1 Year				
	Market Value As of 04/01/2025	Net Flows	Return On Investment	Market Value As of 03/31/2026
Total Fund	14,361,094	6,407,668	1,324,576	22,093,338

Asset Allocation Compliance - Total Fund

	Asset Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Differences (%)
<b>Total Fund</b>	<b>100.0</b>	<b>100.0</b>	<b>N/A</b>	<b>N/A</b>	<b>0.0</b>
Domestic Equity	26.9	26.0	6.0	46.0	0.9
International Equity	13.8	14.0	0.0	34.0	-0.2
Other Growth	0.0	0.0	0.0	10.0	0.0
Fixed Income	58.9	60.0	40.0	80.0	-1.1
Other Income	0.0	0.0	0.0	10.0	0.0
Real Return	0.0	0.0	0.0	10.0	0.0
Cash Equivalent	0.3	0.0	0.0	20.0	0.3



## Historical Hybrid Composition - Blended Benchmark

Allocation Mandate	Weight (%)
<b>Dec-2023</b>	
Russell 3000 Index	26.0
MSCI AC World ex USA (Net)	14.0
Blmbg. U.S. Aggregate	60.0

## IMPORTANT DISCLOSURES

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It is not possible to invest directly in an index. The index returns shown throughout this material do not represent the results of actual trading of investor assets. Third-party providers maintain the indices shown and calculate the index levels and performance shown or discussed. Index returns do not reflect payment of any sales charges or fees an investor would pay to purchase the securities they represent. The imposition of these fees and charges would cause investment performance to be lower than the performance shown.

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## IMPORTANT DISCLOSURES

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## **AI Project Update**

**ISSUE:** This item is intended to provide the Board of Directors with an update on CSRMA's AI initiative.

Phase I of the AI initiative to create a custom Large Language Model (LLM) built around CSRMA's vast knowledge and history base (aka CS-Connect) is nearing completion and expected to be completed by the end of June 2026.

Funds have been budgeted for Phase II of the AI initiative in the FY 26/27 Budget. The milestones for Phase II are outlined below.

- Milestone 1    Staff-verified LLM Training for AI-assisted guidance to members
- Milestone 2    CSRMA Historical Knowledge Preservation For AI Model Training
- Milestone 3    Continuous Automated Knowledge Updates for CS-Connect

The three (3) year projected development and maintenance costs for CS-Connect are attached to this item.

**RECOMMENDATION:** None. Information only.

**FISCAL IMPACT:** As depicted in the first attachment.

**BACKGROUND:** At their March 2025 Long Range Planning Session, the Executive Board discussed the potential merits of utilizing AI to improve efficiency for CSRMA and its members. More specifically, the discussion centered around exploring the idea of creating a custom Large Language Model (LLM) built around CSRMA's vast knowledge and history base.

- ATTACHMENTS:**
1. CSRMA Large Language Model (aka CS-Connect) Three (3) Year Plan Projected Development and Maintenance Costs
  2. CS-Connect Query Examples

CSRMA Large Language Model (aka CS-Connect)  
 Three (3) Year Plan  
 Projected Development and Maintenance Costs  
 2025-26 through 2027-28

PHASE I		PHASE II		PHASE III	
2025-26		2026-27		2027-28	
Development	Maintenance	Development	Maintenance	Development	Maintenance

PHASE I						
Milestone 1	29,110	-	-	-	-	-
Milestone 2	21,832	-	-	-	-	-
Milestone 3	21,831	-	-	-	-	-
<b>TOTAL</b>	<b>72,773</b>	<b>-</b>	<b>-</b>	<b>38,732</b>	<b>-</b>	<b>38,732</b>

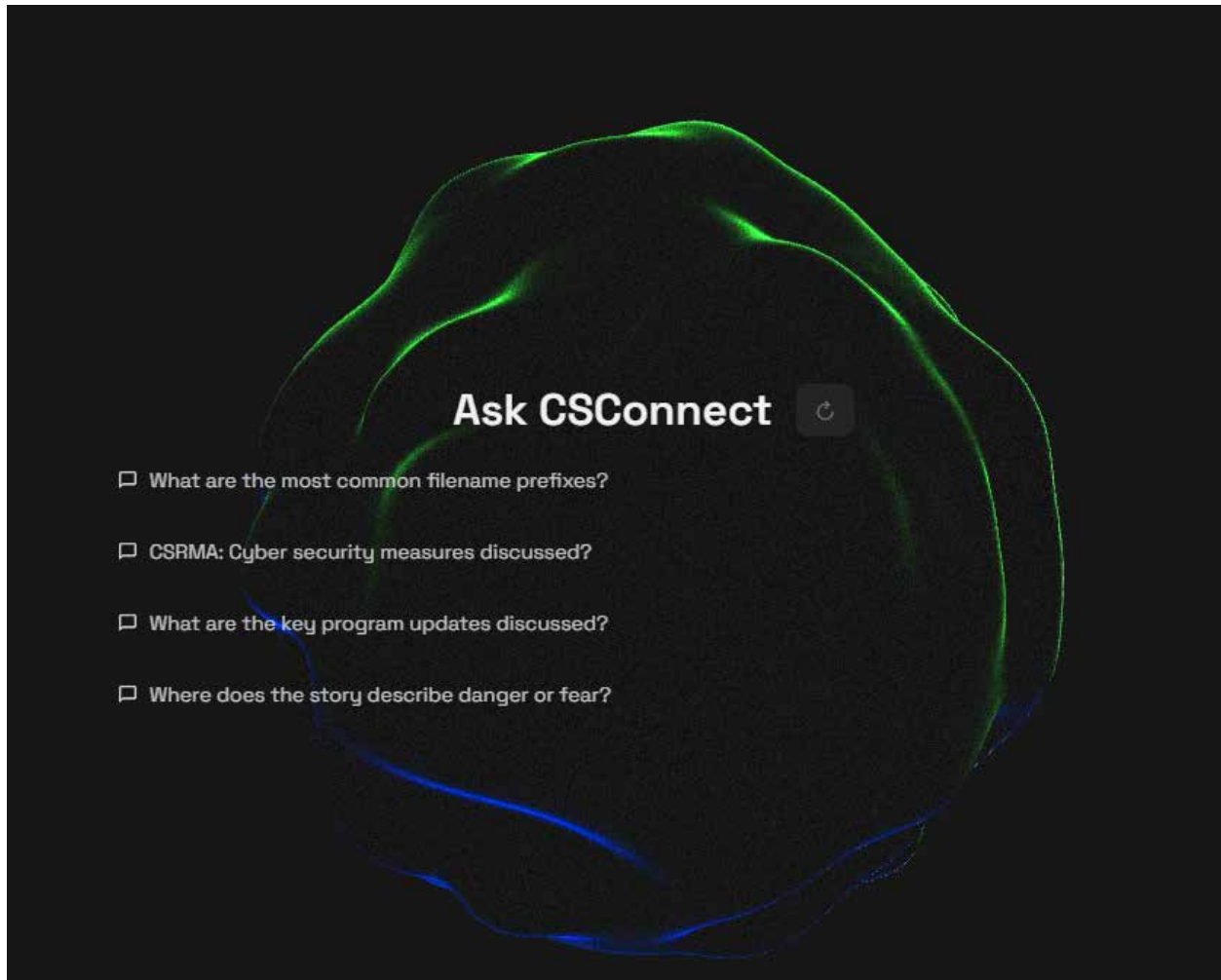
PHASE II						
Staff-verified LLM Training for AI-assisted guidance to members	-	-	22,388	9,380	-	-
CSRMA Historical Knowledge Preservation For AI Model Training	-	-	5,388	4,380	-	-
Continuous Automated Knowledge Updates for CS-Connect	-	-	7,543	6,131	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>35,319</b>	<b>19,891</b>	<b>-</b>	<b>19,891</b>

<b>TOTAL</b>	<b>72,773</b>	<b>-</b>	<b>35,319</b>	<b>58,623</b>	<b>-</b>	<b>58,623</b>
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<b>ANNUAL TOTAL</b>		<b>72,773</b>		<b>93,942</b>		<b>58,623</b>
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PHASE	PROJECT SCOPE
I	Create a custom LLM built around CSRMA's vast knowledge and history base.
II	Continuously improve institutional knowledge platform.
III	Provide member access to CS-Connect.

## CSCConnect Query Examples



## Describe the EPL Reduction Incentive Program

*I am now performing a keyword search for "EPL Reduction Incentive Program" within the BodAgenda collection, focusing on the text field to retrieve relevant document chunks.*

*I will now summarize the information I found about the EPL Reduction Incentive Program.*

### EPL Reduction Incentive Program Details

The Employment Practices Liability (EPL) Deductible Reduction Incentive Program was adopted by the Board of Directors in August 2022 and became effective on December 31, 2023. **3 7 8 9**

The program is designed to encourage members to meet specific criteria to reduce their EPL deductible. Initially, CSRMA increased the EPL deductible to \$50,000 for all members. However, members who meet the program's criteria annually can have their deductible reduced back to \$25,000. **3 4 5 6 8 10**

To ensure members are aware of the program requirements, program administrators sent regular reminders and communications, including details about training hour requirements. To be eligible for the deductible reduction, members needed to provide documentation that at least 90% of their active supervisory/manager positions completed required training by December 31st of each year. **2 3 7 8 9**

## When was CSRMA formed?

*I'm now running a keyword search for terms like "formed" and "established" across eight relevant collections to find CSRMA's formation date.*

*I have successfully retrieved information from multiple sources confirming that CSRMA was formed on April 2, 1986.*

### CSRMA Formation Date

The California Sanitation Risk Management Authority (CSRMA) was formed on April 2, 1986. It was established through a joint powers agreement by a group of California local public entities to provide risk management and loss prevention services. Initially, its formation was a response to a crisis in obtaining insurance coverage for wastewater utilities in the San Francisco Bay Area. The organization has since grown to include 60 member agencies statewide. **1 2 3 4 5 6 7 8 9 1 2 4 5**

**Please summarize the operation of the CSRMA Pooled Liability Program Employee Driving Policy & Procedure.**

*I am now performing a keyword search within the PlpAgenda collection for the "CSRMA Pooled Liability Program Employee Driving Policy & Procedure" to gather relevant information for your summary.*

*I will now summarize the information I have found regarding the CSRMA Pooled Liability Program Employee Driving Policy & Procedure.*

**Summary of CSRMA Employee Driving Policy & Procedure**

The CSRMA Pooled Liability Program includes an Employee Driving Standards Policy & Procedure aimed at reducing losses related to vehicle operation. This policy establishes minimum eligibility standards for employees driving on agency business  
**22 1**

The policy addresses necessary measures to reduce losses related to vehicle operation, requiring employees whose duties necessitate driving vehicles in the course of employment to adhere to the standards. **22**

Member districts may face coverage exclusions if they knowingly allow employees who do not meet the driving standards to operate vehicles or if they fail to enroll mandated employees in the pull notice program. **7**

To mitigate risks associated with employees driving their own cars for work, employers should adopt a policy emphasizing attentive driving and clearly state when personal vehicle use is expected or allowed. Job descriptions should specify when driving a personal vehicle is a job function. Additionally, 87% of businesses formally train employees on their distracted driving policy. **34 37**

## **CAJPA Accreditation & Target Equity Ratios**

**ISSUE:** CSRMA completed the Accreditation process and was found to be in substantial compliance with current Accreditation Standards and has been Accredited with Excellence by the California Association of Joint Powers Authorities (CAJPA) for another three years (2026-29) conditional on the following requirement for Excellence being met.

### **IV. #G.b. ACCOUNTING AND FINANCE**

Requirement #1: Management provides those with governance a five-year summary of:  
b. The equity targets by program and policy year (Excellence)

Currently as part of the Financial Audit presentation the equity targets for the audited years are presented. It is recommended in the future that CSRMA Staff provide the prior five years of equity targets. *The CSRMA and CWIC equity ratios are attached to this item for Board of Directors' review.*

**RECOMMENDATION:** None. Information only.

**FISCAL IMPACT:** None. Information only.

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

There was one suggestion made in the report.

Suggestion #1

### **I. GOVERNING DOCUMENTS AND ADMINISTRATIVE CONTRACTS**

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

The following conditional requirement has been met.

### **VI. #B.e. FUNDING AND ACTUARIAL STANDARDS:**

Requirement #1: The actuary provides claims funded factors or measures for the:

- e. At least one of the factors below or similar for the Workers Compensation Program:  
98% confidence level (1:30) Excellence  
99% confidence level (1:100) Excellence  
99.5% confidence level (1:200) Excellence

The Workers Compensation Program provides factors up to expected, 70%, 80% and 90%. It is a requirement for Excellence that the Workers' Compensation Program confidence level factors be amended to include the additional factors listed above and that the actuary, Willis Towers Watson, be requested to provide these factors and include them in the next study. *This was included in the May 2026 actuarial study.*

- ATTACHMENTS:**
1. CSRMA Target Equity Ratios
  2. CWIC Key Captive Insurance Company Ratios

## CSRMA Target Equity Ratios 2026 Accreditation

### 2022

#### WC

		<u>Target</u>
Contributions/SIR	4.14	less than 3:1
Net equity/SIR	6.77	more than 7:1
Claims liabilities/Equity	10.12	less than 4:1

#### Liability

		<u>Target</u>
Contributions/SIR	1.22	less than 3:1
Net equity/SIR	10.17	more than 7:1
Claims liabilities/Equity	0.84	less than 4:1

### 2023

#### WC

		<u>Target</u>
Contributions/Equity	1.53	less than 3:1
Net equity/SIR	18.28	more than 7:1
Claims liabilities/Equity	3.75	less than 4:1

#### Liability

		<u>Target</u>
Contributions/Equity	1.24	less than 3:1
Net equity/SIR	7.20	more than 7:1
Claims liabilities/Equity	0.79	less than 4:1



**Captive Management Report**

Clean Water Insurance Company

For the period ended: December 31, 2025

Prepared by Anthony Coleman, anthony.coleman@Davies-Group.com

Current Period  
2025  
31-Dec

**Key Captive Insurance Company Ratios**

Premium to Surplus	1:1
Net Written Premium / Capital and Surplus	112.4%
Loss Ratio	72.5%
(Loss Expense + LAE Expense) / Net Earned Premium	
Expense ratio	4.8%
Other Expenses/Net Earned Premium	
Combined ratio	77.3%
Loss ratio + Expense ratio	
Operating Ratio	51.9%
Combined Ratio - Investment Income/Net Earned premium	
Full limit occurrence loss impact	10.4%
Maximum per occurrence retentions / Total Capital and Surplus	

**Notes:**

Year End 2025 June-30	Year End 2024 June-30	Target
1:1	2.2:1	0.75x - 1.25x
103.4%	223.8%	
58.5%	75.0%	50% - 70%
4.4%	2.9%	10% - 25%
62.9%	78.0%	75% - 95%
46.5%	67.4%	60% - 85%
10.4%	21.8%	≤ 20%

## **Estimated Actual 25/26 Budget & Proposed 26/27 Budget**

**ISSUE:** Review and discuss the budget for Fiscal Year 2026/27.

**RECOMMENDATION:** The Executive Board recommends that the Board of Directors adopt the proposed budget for the 2026-2027 fiscal year as presented with any verbal changes that may be noted at the meeting.

**FISCAL IMPACT:** As depicted in the draft budget document.

**BACKGROUND:** The proposed budget is the result of a number of assumptions and the analysis of many disparate factors. Each Program of the JPA is analyzed individually with “general expenses” of the JPA allocated to each program on a percentage basis. The majority of expenses however, are program specific.

The Primary Insurance Program (PIP) is a group purchase program and is designed to “break even” each year as there is no risk sharing involved and monies generally do not need to be accrued beyond a single fiscal year.

The revenue and expenses of the pooling programs (liability, workers’ comp. and property) however are driven heavily by actuarial projections and the underwriting results of prior Program Years as reflected through the retrospective rating and dividend calculations. For these reasons there is not necessarily a balance between revenue and expenses in any one year. A “pooled” layer was implemented for the Property Insurance Program in fiscal year 21-22. Losses between the program deductible (\$100,000) and member deductibles are retained by the program. The property program is driven more heavily by insurance premiums.

The Program Administrators have identified some items that the Executive Board may want to focus on, or review. These are described as follows:

1. Allocation percentages are used in the budget to calculate: JPA Expenses and Safety Expenses for each Program, as follows:
  - A. JPA Expenses are allocated back to each program based on the total expenses for the JPA, *unless* an expense item is program specific. The percentages used are 10% PIP, 10% Property, 45% Liability, and 35% Workers’ Compensation. The percentages are based on an estimate of how much time each Program takes as a percentage of overall JPA administration time.

- B. Safety Expenses allocation percentages are 10% PIP, 10% Property, 45% Liability, and 35% Workers' Compensation *unless* an expense item is program specific. These percentages are based on the Risk Control Advisor's time and resources applied to each program.
2. Non-Member Revenue is expected to be nil in fiscal year 2026-27, as interest in subscriptions to access Risk Control Online/Vector Solutions has waned.
  3. Interest Income. PFM provided CSRMA with an earnings projection for fiscal year 26-27. They used an average earnings rate of 3.74% for total projected earnings of \$806,657. Projected LAIF earnings are in addition to PFM's earnings projection.
  4. The Program Directors' Fee is program specific and is based on the annual hours worked on each program in accordance with the contract agreement between Alliant Insurance Services and CSRMA. The Program Directors' Fee account is proposed to increase by 3% for fiscal year 2026-27.
  5. Dividends are not budgeted for the Workers' Compensation Program in fiscal year 26-27, as it is anticipated that dividends will not be eligible for declaration based on the Dividend Policy & Procedure. Dividends are conservatively budgeted for the Pooled Liability Program.
  6. The Investment Policy is included in the Budget packet. No changes were recommended by PFM.
  7. Insurance Premium (Net) for all programs is budgeted to decrease 1.0% (\$127,097) over the 25-26 'budget' amount. This is largely driven by favorable property insurance market conditions.
  8. Affiliate Insurance Premiums account for the premiums paid to the CSRMA captive insurance company CWIC. Premiums to the captive are expected to increase 1.0% (\$107,270) largely driven by an increase in the severity of liability claims.
  9. Retro Adjustments are unknown at the time the budget is formulated, and as it is difficult to budget these amounts because they are unknown, the retrospective adjustments are budgeted conservatively. The amount of the actual Retro (credit or debit) can vary greatly from the budgeted amount as a result of claims activity.
  10. Deductible Recoveries can fluctuate considerably given the uncertainty of claims activity for members with various deductible levels and can vary greatly from the budgeted amount because of this uncertainty.
  11. The Risk Control expenses are budgeted to increase 13% (\$72,770) largely due to two (2) new risk control initiatives in 26-27. The development of Traffic Control SOPs and "Buddy to Boss" training.

12. General & Administrative Expenses and Other Program Expense (Legal, Board, Operations, etc.) are budgeted to increase approximately 12% (\$82,958) combined largely due to an increase in the WC User Fund & Fraud Assessment and Computer Software/Programming (discussed further below).
13. Computer Software/Programming - Development of the Large Language Model (LLM) will be completed in the current FY. Phase I of the project was to create a custom Large Language Model built around CSRMA's vast knowledge and history base. The LLM is named "CS-Connect". \$75,000 was included in the FY 25-26 budget for Phase I. Phase II of the project is to continuously improve the institutional knowledge platform. The fiscal impact in 26-27 for Phase II is \$55,210. Annual maintenance and support for CS-Connect is \$38,732 and is also budgeted in FY 26-27. Combined this represents a year-over-year increase of \$18,942 in funds budgeted for the LLM. The cost of the WeTip subscription decreased approximately \$11,000. Overall, the Computer Software/Programming budget line item is proposed to increase \$7,940.
14. CSRMA/CWIC Consolidated Budget Schedules. Exhibits are included to show the projected consolidated budget for CSRMA and CWIC.

**ATTACHMENTS:**

1. Estimated Actual 25/26 Budget & Proposed 26/27 Budget (Separate)
2. Exhibits: CSRMA/CWIC Projected Consolidated Budget 25/26 and CSRMA/CWIC Consolidated Budget 26/27

**CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY**

Proposed Budget for the Fiscal Year 2026-27

CSRMA / CWIC Current Year Projected to Budget - Consolidated Version

Description	Adopted	Adopted	Adopted	Adopted	Projected	Projected	Projected	Projected	Adopted v	Percent
	CSRMA 2025-26	CWIC 2025-26	Elimination 2025-26	Consolidated 2025-26	CSRMA 2025-26	CWIC 2025-26	Elimination 2025-26	Consolidated 2025-26	Projected Higher/Lower	Variance Higher/Lower
<b>Operating Revenue:</b>										
<b>Member Contribution</b>										
JPA Charge	\$ 1,245,265	\$ -	\$ -	\$ 1,245,265	\$ 1,213,463	\$ -	\$ -	\$ 1,213,463	(31,802)	(3%)
Pooled Deposit	696,413	-	-	696,413	691,515	-	-	691,515	(4,898)	(1%)
Net Insurance Premium	17,016,831	-	-	17,016,831	15,866,120	-	-	15,866,120	(1,150,711)	(7%)
Affiliate Insurance Premium	7,897,437	7,505,095	(7,897,437)	7,505,095	7,639,028	7,206,590	(7,639,028)	7,206,589	(298,506)	(4%)
<b>Retrospective Contribution</b>										
Retro Adjustments	(250,000)	-	-	(250,000)	1,043,522	-	-	1,043,522	1,293,522	517%
<b>Member Fees</b>										
Program Director Fee	1,451,000	-	-	1,451,000	1,450,847	-	-	1,450,847	(153)	(0%)
<b>Total Operating Revenue</b>	<b>28,056,946</b>	<b>7,505,095</b>	<b>(7,897,437)</b>	<b>27,664,604</b>	<b>27,904,494</b>	<b>7,206,590</b>	<b>(7,639,028)</b>	<b>27,472,056</b>	<b>(192,548)</b>	<b>(1%)</b>
<b>Operating Expense:</b>										
<b>Program Expense</b>										
Claims & Loss Adjustment Expense	4,025,392	5,628,822	-	9,654,214	4,564,920	5,404,942	-	9,969,863	315,649	3%
Deductible Recoveries	(400,000)	-	-	(400,000)	(449,372)	-	-	(449,372)	(49,372)	(12%)
<b>Insurance Expense</b>										
Net Insurance Premium	17,016,831	-	-	17,016,831	15,860,525	-	-	15,860,525	(1,156,306)	(7%)
Affiliate Insurance Premium	7,897,437	-	(7,897,437)	-	7,639,028	-	(7,639,028)	-	0	0%
<b>Management Consultants</b>										
Risk Control	554,284	-	-	554,284	545,664	-	-	545,664	(8,620)	(2%)
<b>Program Director Fee</b>	<b>1,451,000</b>	<b>-</b>	<b>-</b>	<b>1,451,000</b>	<b>1,452,225</b>	<b>-</b>	<b>-</b>	<b>1,452,225</b>	<b>1,225</b>	<b>0%</b>
<b>Other Program Expense</b>	<b>364,248</b>	<b>-</b>	<b>-</b>	<b>364,248</b>	<b>346,118</b>	<b>-</b>	<b>-</b>	<b>346,118</b>	<b>(18,130)</b>	<b>(5%)</b>
<b>General &amp; Administrative Expenses</b>	<b>326,734</b>	<b>199,739</b>	<b>-</b>	<b>526,473</b>	<b>284,737</b>	<b>349,420</b>	<b>-</b>	<b>634,158</b>	<b>107,685</b>	<b>20%</b>
<b>Total Operating Expense:</b>	<b>31,235,926</b>	<b>5,828,561</b>	<b>(7,897,437)</b>	<b>29,167,049</b>	<b>30,243,846</b>	<b>5,754,363</b>	<b>(7,639,028)</b>	<b>28,359,180</b>	<b>(807,869)</b>	<b>(3%)</b>
<b>Operating Income/(Loss)</b>	<b>(3,178,980)</b>	<b>1,676,535</b>	<b>-</b>	<b>(1,502,445)</b>	<b>(2,339,351)</b>	<b>1,452,227</b>	<b>-</b>	<b>(887,124)</b>	<b>615,321</b>	<b>(41%)</b>
<b>Non-Operating Revenue:</b>										
Investment Earnings	791,474	715,351	-	1,506,824	827,916	1,146,444	-	1,974,360	467,536	31%
<b>Non-Operating Expense:</b>										
Dividends	-	-	-	-	-	-	-	-	0	0.0%
<b>Change in Net Position</b>	<b>(2,387,506)</b>	<b>2,391,885</b>	<b>-</b>	<b>4,379</b>	<b>(1,511,435)</b>	<b>2,598,672</b>	<b>-</b>	<b>1,087,236</b>	<b>1,082,857</b>	<b>24,726%</b>

**CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY**  
Proposed Budget for the Fiscal Year 2026-27  
*CSRMA / CWIC Comparative Year over Year Budget - Consolidated Version*

Description	Adopted CSRMA 2025-26	Adopted CWIC 2025-26	Adopted Elimination 2025-26	Adopted Consolidated 2025-26	Budget CSRMA 2026-27	Budget CWIC 2026-27	Budget Elimination 2026-27	Budget Consolidated 2026-27	Year Over Year Higher/Lower	Percent Variance Higher/Lower
<b>Operating Revenue:</b>										
<b>Member Contribution</b>										
JPA Charge	\$ 1,245,265	\$ -	\$ -	\$ 1,245,265	\$ 1,400,994	\$ -	\$ -	\$ 1,400,994	155,729	13%
Pooled Deposit	696,413	-	-	696,413	713,823	-	-	713,823	17,410	2%
Net Insurance Premium	17,016,831	-	-	17,016,831	16,889,734	-	-	16,889,734	(127,097)	(1%)
Affiliate Insurance Premium	7,897,437	7,505,095	(7,897,437)	7,505,095	8,004,707	7,927,249	(7,927,249)	8,004,707	499,612	7%
<b>Retrospective Contribution</b>										
Retro Adjustments	(250,000)	-	-	(250,000)	(500,000)	-	-	(500,000)	(250,000)	(100%)
<b>Member Fees</b>										
Program Director Fee	1,451,000	-	-	1,451,000	1,495,000	-	-	1,495,000	44,000	3%
<b>Total Operating Revenue</b>	<b>28,056,946</b>	<b>7,505,095</b>	<b>(7,897,437)</b>	<b>27,664,604</b>	<b>28,004,258</b>	<b>7,927,249</b>	<b>(7,927,249)</b>	<b>28,004,258</b>	<b>339,654</b>	<b>1%</b>
<b>Operating Expense:</b>										
<b>Program Expense</b>										
Claims & Loss Adjustment Expense	4,025,392	5,628,822	-	9,654,214	3,525,000	5,945,437	-	9,470,437	(183,777)	(2%)
Deductible Recoveries	(400,000)	-	-	(400,000)	(400,000)	-	-	(400,000)	0	0%
<b>Insurance Expense</b>										
Net Insurance Premium	17,016,831	-	-	17,016,831	16,889,734	-	-	16,889,734	(127,097)	(1%)
Affiliate Insurance Premium	7,897,437	-	(7,897,437)	-	8,004,707	-	(8,004,707)	-	0	0%
<b>Management Consultants</b>										
Risk Control	554,284	-	-	554,284	627,054	-	-	627,054	72,770	13%
<b>Program Director Fee</b>										
Program Director Fee	1,451,000	-	-	1,451,000	1,495,000	-	-	1,495,000	44,000	3%
<b>Other Program Expense</b>										
Other Program Expense	364,248	-	-	364,248	439,574	-	-	439,574	75,326	21%
<b>General &amp; Administrative Expenses</b>										
General & Administrative Expenses	326,734	199,739	-	526,473	334,366	363,397	-	697,763	171,290	33%
<b>Total Operating Expense:</b>	<b>31,235,926</b>	<b>5,828,561</b>	<b>(7,897,437)</b>	<b>29,167,049</b>	<b>30,915,434</b>	<b>6,308,834</b>	<b>(8,004,707)</b>	<b>29,219,561</b>	<b>52,512</b>	<b>0%</b>
<b>Operating Income/(Loss)</b>	<b>(3,178,980)</b>	<b>1,676,535</b>	<b>-</b>	<b>(1,502,445)</b>	<b>(2,911,177)</b>	<b>1,618,415</b>	<b>-</b>	<b>(1,292,762)</b>	<b>209,683</b>	<b>(14%)</b>
<b>Non-Operating Revenue:</b>										
Investment Earnings	791,474	715,351	-	1,506,824	856,657	1,275,322	-	2,131,979	625,154	41%
<b>Non-Operating Expense:</b>										
Dividends	-	-	-	-	(250,000)	-	-	(250,000)	(250,000)	0.0%
<b>Change in Net Position</b>	<b>(2,387,506)</b>	<b>2,391,885</b>	<b>-</b>	<b>4,379</b>	<b>(1,804,520)</b>	<b>2,893,737</b>	<b>77,458</b>	<b>1,166,676</b>	<b>1,162,296</b>	<b>26,540%</b>

**Property Program**  
**Prospective New Member: DERWA**

**ISSUE:** The DSRSD-EBMUD Recycled Water Authority (DERWA) has requested a quote from CSRMA for inclusion into the Property Program effective July 1, 2026. They are not a member of the JPA and are therefore required to seek membership in CSRMA prior to coverage being bound.

DERWA currently obtains its property insurance through the CSRMA Property Program via the Dublin San Ramon Services District (DSRSD), a member of CSRMA and the Property Program. Since DERWA's assets are currently covered in the Property Program, the Program Administrators expect a seamless transition to carve their values out of DSRSD's property schedule and be a standalone member of the CSRMA Property Program.

**RECOMMENDATION:** The Executive Board recommends that the Board of Directors approve DERWA's membership in CSRMA and participation in the Property Program.

**FISCAL IMPACT:** The annual cost to participate in the Property Program is \$50,000. This contemplates a \$100,000 Property deductible.

**BACKGROUND:** The DSRSD-EBMUD Recycled Water Authority, a Joint Powers Authority (JPA) was formed in 1995 to manage recycled water for the San Ramon Valley. It is a partnership between the Dublin San Ramon Services District (DSRSD) and the East Bay Municipal Utility District (EBMUD). The program serves customers in Dublin, San Ramon, and Danville, with the City of Pleasanton also participating as a customer. The backbone of the program is the Jeffrey G. Hansen Water Recycling Plant in Pleasanton, which can produce up to 16.2 million gallons of recycled water per day.

**ATTACHMENTS:** None

From: CAJPA <staff@cajpa.org>  
Sent: Thursday, April 30, 2026 4:29 PM  
To: Myron D Leavell  
Subject: CAJPA WEEKLY UPDATE

This message has originated externally from organization.

## CAJPA WEEKLY UPDATE

### SB 827 MANDATE CLARIFICATION – DOES THIS APPLY TO JPAS?

CAJPA received requests from members for clarification on the recently passed **SB 827 (Gonzalez)** which requires local agency officials to complete fiscal and financial training.

#### Does SB 827 apply to JPAs?

We reached out to the CAJPA legal counsel, BKS Law, with this question. Their response:

*Regarding your question about the application of SB 827 to CAJPA members, I do not believe that JPAs generally, and risk-pool JPAs in specific, are subject to SB 827. As enacted, SB 827 applies to “local agencies,” which are defined as “a city, county, city and county, charter city, charter county, charter city and county, school district, county office of education, charter school, or special district.” (Gov’t Code sections 53234 and 53238.) CAJPA members are independent public agencies as defined in Section 6507 of the Joint Exercise of Powers Act. They are not one of the types of public agencies listed in Government Code sections 53234 and 53238. Compare the Brown Act, which provides in Government Code section 54951 that the Brown Act applies to any “local agency” [that is] a county, city, whether general law or chartered, city and county, town, school district, municipal corporation, district, political subdivision, or any board, commission or agency thereof, or other local public agency.” This shows that when the Legislature wants to include JPAs in the application of a statute, it provides a definition*

### UPCOMING EVENTS

May 18, 2026

[LITL Program - Mitigating Cumulative Trauma in an Aging Workforce](#)

June 16, 2026

[CAJPA Accreditation Committee Meeting](#)

June 30, 2026

[CAJPA LITL In-Person Training](#)

August 18, 2026

[CAJPA Accreditation Committee Meeting](#)

September 15-18, 2026

[CAJPA Fall Conference](#)

[View Full Calendar](#)

LEGISLATIVE  
ADVOCACY



*broad enough to include them. Because the Legislature did not do this in the case of SB 827, I conclude it does not apply to CAJPA members.*

Find us on 

They did note that individual representatives appointed to member JPAs may have an obligation at their home agency to take SB 827 training, but that depends on their position at the home agency.

## APRIL 28 LITL TRAINING RECAP

Thank you to everyone who attended the **CAJPA Litigation, Insurance, and Tort Liability (LITL) Training on April 28**, hosted by Schools Insurance Authority! We appreciated the insights shared by our expert speakers: **Daniel Barer, Peder Batalden, and Darrell Smith**. Below are the presentation materials for your reference.

We also extend our sincere thanks to our sponsor, Cogent Legal, for their support in making this training possible.

A special thank you to Bob Kretzmer for his many years of dedicated leadership and service to CAJPA and the LITL Committee. Bob has made a lasting impact, and he will be truly missed. Wishing him all the best in his well-deserved retirement this June.





## LINKS TO PRESENTATIONS

DANIEL BARER PRESENTATION

PEDER BATALDEN PRESENTATION

## CAJPA RELEASES 2025 CLAIMS DATA

An updated [report](#) compiled by Polco for CAJPA reveals that lawsuits against public entities — including schools, cities, and counties — are skyrocketing in cost, shifting billions in taxpayer dollars away from classrooms, community safety, infrastructure, and other vital services. The new analysis, covering claims data through June 30, 2025, shows an alarming rise in the frequency, size, and duration of liability claims across California.

Our partnership with Polco has been a part of CAJPA’s long, ongoing efforts to encourage tort reform through the State Legislature. CAJPA’s Legislative Action Day attendees met with legislators and staff in the Capitol. We can assist members with connecting at the local level. Calls, emails, and in-district meetings are the engines that move legislators. Members who would like assistance connecting with their legislator, or who have questions, are encouraged to contact CAJPA’s Policy Assistant, Brett Moore, at [bmoore@cajpa.org](mailto:bmoore@cajpa.org).

CAJPA’s top priority is always to our members; tort reform will provide funding relief for all public entities and restore balance in the insurance market. Recent years, changes in public opinion, and landmark reports have set the stage for a time of change in the Golden State.

## BUDGET PLANNING UPDATE: DIR ASSESSMENT FACTOR OUTLOOK

CAJPA leadership and staff recently met with Department of Industrial Relations (DIR) Director Jennifer Osborn, Chief Deputy Director Adam Romero, and Chief Financial Officer Josh Iverson as part of our annual assessment factor planning discussion. As a courtesy, DIR provides CAJPA with a preliminary estimate to assist members in budgeting for the assessment factors billed each Spring.

This year's estimate is especially significant. DIR has indicated a projected increase in the assessment factors ranging from **85% to 95%**.

We want to emphasize that these figures are **preliminary and subject to change**, as additional data is still being evaluated. DIR attributes the anticipated increase primarily to continued growth in the Subsequent Injuries Benefits Trust Fund (SIBTF), along with broader departmental cost pressures, including increased staffing needed to process SIBTF claims.

To provide context, benefits paid per SIBTF claim have risen sharply over the past decade—from \$13,699 to \$80,814. Total fund liabilities for resolved and pending cases are now estimated to be as high as \$28 billion, according to actuarial analyses.

The significant impact of SIBTF on employer assessments is why Governor Newsom has directed the development of proposed reforms as part of the state budget process. CAJPA strongly supports the Governor's Budget Trailer Bill language addressing these issues. Additional information, including our coalition letter of support, is available here.

#### COALITION LETTER

It is important to note that the worst-case planning scenario—nearly doubling of the assessment—assumes that legislative reforms are not enacted. If the Governor's proposed reforms are successful in addressing pending cases, the future growth in the assessment factors could be mitigated.

This issue remains a top priority for CAJPA. It was a central focus of our recent Legislative Action Day, and we will continue to advocate aggressively on behalf of our members throughout the budget process and legislative year.

Please also keep in mind that each agency's final assessment is influenced by multiple factors, including total indemnity payments. The estimated increase discussed here applies only to the DIR assessment factors component; your agency's workers' compensation experience will continue to affect your overall costs.

CAJPA will keep members informed as updated figures become available later this year. If you have any questions, please feel free to contact us at [info@cajpa.org](mailto:info@cajpa.org).

## CAJPA EDUCATION CONTENT SURVEY

CAJPA is seeking your input to help guide our future educational programming.

We've developed a short survey to gather your feedback on CAJPA's current professional development offerings so we can better understand what topics, formats, and resources would be most valuable to you moving forward. Your input will help ensure our educational content remains relevant and beneficial to our membership. Please complete the survey by **today, April 30th**.

SHARE YOUR INPUT

REGISTRATION IS NOW OPEN!



# CAJPA 2026 Annual Conference

SEPTEMBER 15-18, 2026 | LAKE TAHOE

We are excited to announce that registration for [CAJPA's 2026 Annual Conference](#) is officially open to attendees, sponsors, and exhibitors! Golf and hotel registration are open as well!

Join us in beautiful Lake Tahoe for a high-quality conference featuring in-depth sessions on pooling. This year, we're thrilled to host the event at the Tahoe Blue Event Center, conveniently located within walking distance of our host hotels, Caesar's Republic and Margaritaville, with complimentary shuttle service also provided between the hotels and the venue.

While most activities will take place at the Tahoe Blue Event Center, the Wednesday Late-Night Party will be held in the South Shore Room at Harrah's. The Thursday reception will take place on the 18th floor of Harrah's, offering breathtaking sunset views over Lake Tahoe.

Mark your calendars for **September 15 – 18** and register early to take advantage of the \$50 early bird discount, available until June 17, 2026.

**Attendee Registration Rates:**

Members: \$550/person

Non-Members: \$950/person

REGISTER TODAY!

VIEW CONFERENCE DETAILS

## UPCOMING LITL TRAININGS



**STRATEGIES FOR MITIGATING CUMULATIVE TRAUMA (CT) EXPOSURE WITHIN AN AGING WORKFORCE, INCLUDING ERGONOMIC INTERVENTION AND EXIT-CLAIM MANAGEMENT**

**Monday, May 18, 2026 | 1:00 PM - 2:00 PM**

**Zoom (link will come to those registered after registration closes)**

Join us for our next training session hosted by the CAJPA LITL Committee (Litigation, Insurance and Tort Liability).

**CAJPA**  
California Association of  
Joint Powers Authorities  
Trusted Leadership  
for California's Public  
Risk Sharing Pools

### **STRATEGIES FOR MITIGATING CUMULATIVE TRAUMA (CT) EXPOSURE WITHIN AN AGING WORKFORCE, INCLUDING ERGONOMIC INTERVENTION AND EXIT-CLAIM MANAGEMENT**

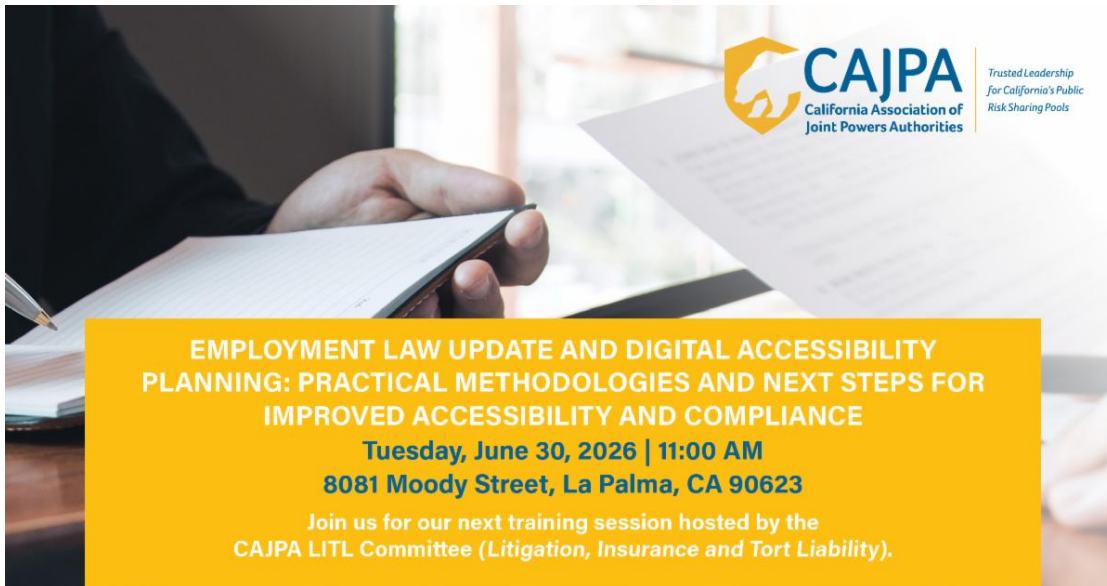
**Monday, May 18, 2026 | 1:00 PM – 2:00 PM**  
**Zoom**

Join us for the virtual CAJPA LITL Training on Strategies for Mitigating Cumulative Trauma (CT) Exposure Within an Aging Workforce, Including Ergonomic Intervention and Exit-Claim Management, May 18th, from 1:00 pm - 2:00 pm on Zoom.

As California's public sector workforce ages, agencies face a rise in "exit claims"—cumulative trauma (CT) filings that coincide with retirement. This session offers a strategic roadmap for navigating this approaching storm through proactive mitigation and defensive claims handling.

We will explore how long-term job duties evolve into compensable injuries and detail targeted ergonomic interventions—such as assistive technology and modified work cycles—designed to extend career longevity. Shifting to the separation phase, we analyze defenses against post-termination claims, including Labor Code § 3600(a)(10) protections and the use of medical baseline screenings. Join us to learn how to bridge the gap between proactive employee wellness and forensic risk management.

**LEARN MORE & REGISTER TODAY!**



**EMPLOYMENT LAW UPDATE AND DIGITAL ACCESSIBILITY  
PLANNING: PRACTICAL METHODOLOGIES AND NEXT STEPS FOR  
IMPROVED ACCESSIBILITY AND COMPLIANCE**

**Tuesday, June 30, 2026 | 11:00 AM**

**8081 Moody Street, La Palma, CA 90623**

Join us for our next training session hosted by the  
CAJPA LITL Committee (*Litigation, Insurance and Tort Liability*).

**EMPLOYMENT LAW UPDATE AND DIGITAL ACCESSIBILITY PLANNING:  
PRACTICAL METHODOLOGIES AND NEXT STEPS FOR IMPROVED  
ACCESSIBILITY AND COMPLIANCE**

**Tuesday, June 30, 2026 | 11:00 AM**

**California Joint Powers Insurance Authority (CJPIA)**

**8081 Moody Street, La Palma, CA 90623**

We're excited to offer a rare in-person LITL Training in Southern California on **June 30, 2026**, hosted at the California Joint Powers Insurance Authority (CJPIA) in **La Palma, CA**. While this training was originally scheduled for March, we're pleased to bring it back this summer. We don't often bring this training to the region, so don't miss this opportunity to attend.

**SCHEDULE**

- 11:00 am – 12:00 pm: Registration & Lunch
- 12:00 pm – 1:15 pm: **Session 1 – Employment Law Update**
- 1:15 pm – 1:30 pm: Break
- 1:30 pm – 3:00 pm: **Session 2 – Digital Accessibility Planning: Practical Methodologies and Next Steps for Improved Accessibility and Compliance**

**LEARN MORE AND REGISTER TODAY!**

**THANK YOU TO OUR SPONSOR**



## CALL FOR VOLUNTEERS

### MAKE A DIFFERENCE: ANNUAL CONFERENCE COMMITTEE IS LOOKING FOR VOLUNTEERS!

Do you want to play a part in planning the CAJPA Annual Conference? The Annual Conference Committee currently has vacancies and is looking for volunteers to join. This is a great opportunity to contribute your ideas and help shape CAJPA's biggest event of the year!

If you're interested, please reach out to [info@cajpa.org](mailto:info@cajpa.org) for more information.

## LATEST JOB BOARD LISTINGS

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Self-Insured Schools of California | Sacramento, CA

### Indemnity Claims Examiner - Workers' Compensation

Self-Insured Schools of California | Clovis/Fresno, CA

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### Supervisor, Liability Claims

PRISM | Folsom, CA

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CAJPA | 808 R Street, Suite 209 | Sacramento, CA 95811 US

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# 'Never going to feel safe': California neighborhood flooded with over 1 million gallons of sewage

By [Annie Vainshtein](#), Staff Writer

Updated May 12, 2026 2:32 p.m.



At least 75 residents of a rural Northern California neighborhood sued Lake County last week after a sewer line rupture in January unleashed around 1.38 million gallons of untreated waste, creating a moat of raw sewage around their homes for nearly 40 hours and contaminating a network of private water wells supplied by a shallow aquifer.

In multiple complaints filed over the last week in Lake County Superior Court, dozens of residents of Robin Lane accused the county and the agencies that run its water and sewage systems of insufficiently maintaining the sewage system for decades before the spill on Jan. 11. County officials declined to comment on the lawsuits but said crews had installed more than 100 UV sanitation and filtration systems on residents' properties.

The lawsuits come as the county-run sewer system faces mounting pressure from regulators and city officials who have raised concerns for years about how the system has been operated and maintained. Clearlake

officials said they plan to wrest control of the sewer system from the county and file complaints with a range of environmental and regulatory agencies.

According to state regulators, the rupture occurred at the site of a 2003 repair on the same 16-inch pipe that broke open in January. In 2023, a break involving the same sewer pipe released 600,000 gallons of sewage into a nearby area of town and subsequently into Clear Lake.

The steaming sewage — wastewater that originated from surrounding communities — surged down Robin Lane for two days as crews struggled to stop the flow because crucial shutoff valves were stuck. Residents who are suing allege that the county knew the shutoff valve was faulty but had not procured emergency parts. They are seeking monetary compensation, extended groundwater monitoring and court orders that would require the county to clean up the aquifer.

The outflow swiftly inundated an area of about 550 acres and affected at least 475 residents. Around 200 properties were impacted when the raw sewage touched their properties or contaminated their wells before the gushing stream flowed into a nearby creek and again into Clear Lake, the complaint alleged.

Residents alleged that even after the county made efforts to remediate the spill with vacuum trucks and dustings of agricultural lime, airborne particles — residue they described as “poop dust” — still lingered.



Cassandra Hulbert holds a jug of discolored water outside her home on Robin Lane in Clearlake, Calif., on Monday, May 11, 2026. Residents say they remain concerned about water contamination months after a sewage pipe rupture released millions of gallons of untreated sewage into the neighborhood. Rachel Bujalski/For the S.F. Chronicle

The sewer system that serves Clearlake is operated by the county's Special Districts and overseen by the county's Sanitation District, an agency governed by the Board of Supervisors.

"Lake County knew for years that this system was failing," said Knut Johnson, an attorney representing some of the residents. "When that force main finally gave way, nearly 500 residents paid the price and many are still

waiting for clean water today.”

Matthew Rothstein, a public information officer for the county and its sanitation and special districts, said the county would not comment on pending litigation.

Five months after the spill, families who once cherished their self-reliance said they now depend on bottled water to cook, drink and brush their teeth — and are spending hundreds of dollars a month for water from county-provided tanks.



Cassandra Hulbert makes pretzel dough using bottled water inside her home on Robin Lane in Clearlake, Calif., on Monday, May 11, 2026. Residents say they continue to avoid using their well water months after a sewage pipe rupture flooded the neighborhood with untreated sewage.  
Rachel Bujalski/For the S.F. Chronicle

Lake County officials said they installed UV sanitation and filtration systems at 103 eligible properties and declared many wells safe again after repeated testing. But residents interviewed by the Chronicle said they still distrust the water, explaining that they do not have confidence in the county’s testing or filtration systems.

Some property owners told the Chronicle they worried cloudy or sediment-heavy water could reduce the UV systems’ effectiveness and said they viewed the county’s efforts as a “Band-Aid” solution.

According to one of the lawsuits, the private wells in the area are “particularly vulnerable” to contamination because they’re shallow and less protected by natural barriers that could repel potential contaminants. The second complaint, which represents 60 residents, alleges approximately 82% of the sewage spillage by the county has occurred in the last five years.

Like many others, the spill surrounded and went under the home of Juan and Stephanie Piseno, a married couple who run a home daycare on Robin Lane and have sued the county. The putrid streams flooded their septic tank and affected their well-water system, they said.

“We’re never going to feel safe here again,” said Stephanie Piseno, who said she and her husband lost clients after the spill. “We’re going to have to move, but our home value is going to be a lot lower.”



Mike Holland makes rice for dinner with bottled water at his home in Clearlake, Calif.  
Rachel Bujalski/For the S.F. Chronicle

Robin Lane lifer Mike Holland, an engineer for AT&T whose grandparents bought the property in the mid-1950s, went 26 days without water at his home until the county provided a 2,500-gallon water tank. Though he was technically “cleared” by the county to use the well his grandparents installed, he said he will never drink from it again.

“I still love where I live, I have the best neighbors,” said Holland, who described the neighborhood as an idyllic community of large parcels and orchards. “This was beyond our control, and now we’re just living with it the best we can.”

Residents also said they were not made aware of the scope — or contents — of the spill for hours. Some, like Cassandra Hulbert, say they were not told to halt their water use until hours after the spill was reported and initially assumed it was just a broken water line.

“All day (the first day after the spill), we were doing dishes, washing our clothes, brushing our teeth, giving our animals this water,” said Hulbert, who is immunocompromised and lives with her husband and two children.



Cassandra Hulbert gives her kids water bottles to drink with their dinner at their home in Clearlake, California.  
Rachel Bujalski/For the S.F. Chronicle

The family, which cares for four rabbits, chickens, two dogs and four cats, had to temporarily relocate after the spill. Paying \$600 a month for water is unsustainable, Hulbert said — but for now, they believe it is their safest option.

During City Council meetings this year, Clearlake officials decried a lack of consistent oversight and their dwindling confidence in the county-run sewer system. In statements to the Chronicle, Clearlake City Manager Alan Flora alleged there had been “very frequent spills with no apparent corrective action plans” under the current system.

The city also plans to file complaints with the Environmental Protection Agency, the Regional Water Board, the state’s Natural Resources Agency and other entities for alleged code violations from lack of odor control systems to violations of the Clean Water Act, Flora said.

“The Robin Lane spill would not have been as significant of an issue if basic maintenance had happened and the pitiful response and recovery efforts were really the last straw,” he said. “Any hope that this scope of disaster would help them refocus their efforts on taking honesty, maintenance and thoughtful planning seriously was soon dashed as well.”



Cassandra Hulbert carries bags filled with empty water bottles outside her home on Robin Lane in Clearlake, Calif., on Monday, May 11, 2026. Residents say they have relied on purchased water since January’s sewage spill contaminated the neighborhood.  
Rachel Bujalski/For the S.F. Chronicle

Though plaintiffs have alleged the spill involved nearly 3 million gallons, regulators and county reports later described that as a maximum estimate and cited the figure as closer to 1.38 million gallons, according to technical reports shared with the Chronicle by state officials.

State water regulators declined to comment on any enforcement against the county, but said they were working with the Lake County Special Districts. They also said they were unaware of any updated Capital Improvement Plan — the long-term infrastructure roadmap agencies use to assess vulnerabilities in equipment — after the county received a notice of violation in 2024.

May 12, 2026 | Updated May 12, 2026 2:32 p.m.



Annie Vainshtein

REPORTER



Annie is a reporter for the Chronicle who focuses on breaking news, crime and human-interest stories. She previously was a breaking news reporter and producer for the Chronicle’s Datebook section. She graduated from Cal Poly, San Luis Obispo in 2017 with a degree in journalism. During her time there, she spearheaded a culture column, produced radio pieces for NPR-affiliate station KCBX, and was a DJ and writer for KCPR, the campus radio station. Before joining the Chronicle, she was an associate producer at SFGATE and interned at VICE and Flood Magazine.

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## 4 Practical Steps for Managing Age-Related Risks

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© [carrierchronicles.com/4-practical-steps-for-managing-age-related-risks](https://carrierchronicles.com/4-practical-steps-for-managing-age-related-risks)

Casey Govero

April 20, 2026

### [Risk Management](#)

**With more workers aged 55 and older staying in the workforce, organizations are not getting younger. We review strategies to help organizations proactively reduce exposure and manage the severity associated with an aging workforce.**

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April 20, 2026



The median age of the U.S. workforce has steadily risen, driven primarily by aging baby boomers and employees remaining in the workforce longer. Workers aged 55 and older have [represented the fastest-growing age group in the labor force](#) for more than two decades. While each generation has its own unique risks, this group carries increased risks of musculoskeletal injuries, slower recovery times, and higher fatality rates. However, by concentrating on controllable risk factors, organizations can build a more adaptable and resilient workplace safety strategy.

“Risk managers can benefit from spending time in the field and on the floor monitoring the workforce across different roles. What may appear manageable on paper could look very different in practice,” said Matt McDonough, Assistant Vice President – Risk Control at Safety National. “A firsthand observation can help build a clearer understanding of the physical demands that come with each job function. Pairing direct observation with data, though, can paint a more complete picture.”

Early identification of aging-related risks also requires careful analysis of loss trends. For risk managers, the main goal is to help mitigate injury risks across the organization, but analyzing trends by demographic can help pinpoint where certain exposures are most prevalent. When examining loss-run reports, reviewing claims by age group and occupation helps reveal severity patterns among key segments of the employee base.

While managing aging-related risks is an ongoing challenge, proactive prevention can help make a meaningful difference. Here are four key actions to consider:

### **1. Prioritize early intervention.**

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Prompt injury reporting, timely medical attention, and early claims management can help keep issues from escalating into more severe outcomes. The sooner action is taken following an injury, the better the chances of limiting its long-term impact.

### **2. Implement a structured return-to-work program.**

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Upon medical sign-off, a gradual, well-coordinated return-to-work plan can help ensure a safe transition back to work. Jumping into a previous routine can re-aggravate injuries, so a tailored plan aligned with medical restrictions is critical. Maintaining a job bank with a variety of diverse tasks provides a conducive way to ease employees back into their roles.

### **3. Foster strong employer–employee relationships.**

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Empathy and communication can go a long way in the workplace. When employees are recovering from an injury, it is crucial to maintain consistent contact and appropriate oversight. When individuals feel supported, they are more likely to report concerns early, adhere to medical guidance, and stay engaged throughout the recovery process.

### **4. Invest in ergonomic improvements.**

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An ergonomic-friendly environment can make a significant difference for employees across all age groups. Thoughtful ergonomic designs can help to reduce physical strain at its source. When applicable, involve an ergonomist to evaluate job tasks and recommend practical adjustments tailored to specific roles. Conducting regular ergonomic assessments can help uncover hidden risk exposures, supporting safer, more sustainable job functions.

<b>CSRMA MEETING CALENDAR 2026</b>			
<b>JANUARY</b>	<b>FEBRUARY</b>	<b>MARCH</b>	<b>APRIL</b>
<b>CSRMA EB - TUE - 13</b>	CSRMA LIAB (TC) - TUE - 17	<b>CSRMA LRP - SUN - TUE - 1, 2, 3</b>	<b>CSRMA FIN - MON - 27 (SFO)</b>
<b>CSRMA BD - WED - 14</b>	<b>CSRMA WC - THUR - 19 (SFO)</b>		
<i>CASA January 13 - 16</i>	<i>PARMA February 24 - 27</i>		
<i>Indian Wells</i>	<i>Monterey</i>		
<b>MAY</b>	<b>JUNE</b>	<b>JULY</b>	<b>AUGUST</b>
CSRMA LIAB (TC) - MON - 4	CSRMA EB (TC) - MON - 8		<b>CSRMA EB - TUE - 4</b>
CSRMA OC (TC) - TUES - 5	CSRMA BOD (TC) - WED - 17		<b>CSRMA BD - WED - 5</b>
CSRMA WC (TC) - THUR - 21	CSRMA OC (TC) - WED - 24		
			<i>CASA August 4 - 7</i>
			<i>Napa</i>
<b>SEPTEMBER</b>	<b>OCTOBER</b>	<b>NOVEMBER</b>	<b>DECEMBER</b>
<b>CSRMA LIAB - TUE - 8 (WC OFFICE)</b>	<b>CSRMA EB - MON - 5 (SFO)</b>	CSRMA FIN (TC) - MON - 9	CSRMA EB (TC) - MON - 7
CSRMA OC (TC) - FRI - 11	CSRMA WC (TC) - WED - 14	<b>CSRMA LIAB - MON - 16 (WC OFFICE)</b>	CSRMA OC (TC) - THUR - 10
	CSRMA OC (TC) - FRI - 30		
<i>CAJPA September 15 - 18</i>			
<i>South Lake Tahoe</i>			

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