



CALIFORNIA JOINT POWERS RISK MANAGEMENT AUTHORITY

EXECUTIVE COMMITTEE MEETING

July 21, 2011 - 10:00 A.M.

**Roseville Civic Center
Human Resource Conference Center, 2nd Floor
311 Vernon Street
Roseville, CA 95678**

(916) 774-5200

AGENDA

I. CALL TO ORDER: 10:00 A.M.

II. ROLL CALL

III. APPROVAL OF MINUTES

- Minutes of the Executive Committee meeting held on April 21, 2011. (Pages 3-7)

IV. COMMUNICATIONS

- A. Executive Committee Members
- B. General Manager/Secretary
- C. Next Scheduled Meetings: Executive Committee (09/06/2011)
Board of Directors (10/19-20/2011)

V. CONSENT CALENDAR

- None

VI. THIS TIME IS RESERVED FOR MEMBERS OF THE PUBLIC TO ADDRESS THE EXECUTIVE COMMITTEE ON MATTERS OF EXECUTIVE COMMITTEE BUSINESS

VII. ACTION CALENDAR

1. Standing Committees (Pages 8-9)
2. Annual Meeting 2012 (Pages 10-16)

3. Executive Committee Strategic Direction (Pages 17-47)
4. Status Update on General Manager's Goals and Objectives (Pages 48-59)
5. Risk Management Issues (Page 60)

VIII. CLOSED SESSION

1. **Government Code Section 54956.8**
Conference with Real Property Negotiator

Property: 3252 Constitution Drive, Livermore, CA 94551
Agency Negotiator: David Clovis, CJPRMA
Negotiating Party: John Hone (Colliers International)
Under Negotiation: Price and Terms of Payment
2. **Government Code Section 54956.9 (a)**
Conference with Legal Counsel - Pending Litigation

Name of Case: Mehdavi v. City of Fremont
Court: Superior Court of California, County of Alameda
Case No.: HG 09460732
3. **Government Code Section 54956.9 (a)**
Conference with Legal Counsel - Pending Litigation

Name of Case: Haught v. City of Anderson (NCCSIF)
Court: N/A
Case No.: N/A
4. **Government Code Section 54957**
Public Employee Performance Evaluation

Title: General Manager

IX. ACTION ON CLOSED SESSION ITEMS

X. ADJOURNMENT



CALIFORNIA JOINT POWERS RISK MANAGEMENT AUTHORITY

EXECUTIVE COMMITTEE MEETING

April 21, 2011 - 10:00 A.M.

**City of Sunnyvale
Human Resource Training Room
505 West Olive Avenue, Suite 202
Sunnyvale, CA 94086**

(408)730-7503

Minutes

I. CALL TO ORDER:

Vice President Giles called the meeting to order at 9:59 a.m.

II. ROLL CALL

PRESENT

- | | |
|--|---------------------------------------|
| 1) Darrell Handy, <i>Alameda (via telephone)</i> | 5) Kathleen Williams, <i>Stockton</i> |
| 2) Bill Henderson, <i>Livermore</i> | 6) Roger Carroll, <i>SCORE</i> |
| 3) Janet Hamilton, <i>Lodi</i> | 7) Anthony Giles, <i>Sunnyvale</i> |
| 4) Ron Blanquie, <i>Petaluma</i> | |

ABSENT

- 8) Stacey Haney, *Roseville*

OTHERS PRESENT

- | | |
|--|--------------------------------|
| 9) Byrne Conley, <i>Gibbons & Conley</i> | 12) Saima Kumar, <i>CJPRMA</i> |
| 10) David Clovis, <i>CJPRMA</i> | |
| 11) Craig Schweikhard, <i>CJPRMA</i> | |

III. APPROVAL OF MINUTES

- A motion by Director Blanquie, seconded by Director Hamilton, to approve the minutes of the Executive Committee meeting held on January 20, 2011, passed unanimously.

IV. COMMUNICATIONS

A. Executive Committee Members

B. General Manager/Secretary

C. Next Scheduled Meetings: Board of Directors (05/11/2011-05/13/2011)

Executive Committee (7/21/2011) to be held in the City of Roseville

V. CONSENT CALENDAR

- None

VI. THIS TIME IS RESERVED FOR MEMBERS OF THE PUBLIC TO ADDRESS THE EXECUTIVE COMMITTEE ON MATTERS OF EXECUTIVE COMMITTEE BUSINESS

VII. ACTION CALENDAR

1. Report from the Standing Committees

Director Giles, Chair of the Risk Management Committee, reported that his committee hasn't met yet. He suggested scheduling a meeting at the annual meeting.

Director Williams, Chair of the Education and Training Committee, commented that she had previously handed out a matrix to the Board and had asked for comments. So far no comments had been made. She also stated she will be sending out a sheet to the board members for a list of classes for board member training.

Director Henderson, of the Coverage and Claims Committee reported that his committee hasn't met yet.

2. Proposed Revision to Memorandum of Coverage, Section VII-Conditions, to be effective July 1, 2011

The general manager and claims administrator were present to discuss the proposed changes to the MOC. The general manager explained that CJPRMA Memorandum of Coverage, Section VII-Conditions, states specific requirements for the reporting of all claims. He stated that there have been a number of recent employment practices liability (EPL) cases that have been reported late. The late reporting has placed CJPRMA in a compromised position and has limited our ability to have an impact on early mitigation. Many of the cases are very sensitive to the organization and the handling of the cases often involves other departments outside of risk management.

CJPRMA understands the sensitivity of these cases and we constantly strive to support the political and operational impacts of our members. These cases develop quickly and the defense fees quickly reach our member's SIR. In addition, when these cases fail to settle prior to trial, CJPRMA is faced with both the potential for damages, emotional distress and plaintiff attorney fees. The fees awarded in these cases always exceed the cost of our own defense fees. In an effort to become involved in these sensitive cases sooner, for the purpose of protecting the interests of CJPRMA, we propose the modification of the case reporting as follows.

- A. All employment practices claims will be submitted to CJPRMA within 30 days of receiving a notice of a claim.
- B. Any and all FEHA, DFEH, CFRA or other related employment claims will be reported within 30 days of receipt.
- C. All defense costs related to the defense of employment practices cases incurred prior to the date of reporting of the claim will not act to erode the ultimate net loss of the claim.
- D. Members will cooperate in an early review of cases with counsel appointed by CJPRMA, for the purpose of evaluation of the case. CJPRMA's review of the case will be conducted at the expense of CJPRMA.
- E. Members will provide defense attorneys with a copy of the CJPRMA Reporting Guidelines at the time the case is assigned. Members will insure that timely reports are sent to CJPRMA and the agency's designated director.

A motion by Director Hamilton, seconded by Director Williams to approve the proposed revision to Memorandum of Coverage, Section VII-Conditions, to be effective July 1, 2011, passed unanimously.

3. Annual Meeting

The general manager discussed the tentative agenda for the annual meeting to the Executive Committee. He gave a brief outline of the training and presentations that will be take place at the annual meeting.

4. General Manager's Goals and Objectives

The general manager provided status update to the Executive Committee on General Manager's Goals and Objectives for 2010-2011.

He pointed out a number of key issues that are currently in process and are being discussed in other agenda bills for this meeting. They include:

- 2011 Annual Meeting
- Sale and replacement of the CJPRMA office building

- Monitoring and control of significant litigation issues
- Monitoring of Livermore Charter School process
- Evaluation of Risk Management Information System

He stated that he will continue to provide the Executive Committee with status updates on the goals and objectives.

5. Risk Management Issues

Director Blanquie discussed EPL Claims and mutual aid M.O.U. He stated that several cities in Sonoma County are in the talks of creating mutual aid M.O.U with each other. The general manager discussed policies and special agreements between public agencies. He stated that he would bring back a more in-depth training on policies and contracting with public agencies.

VIII. CLOSED SESSION

1. Government Code Section 54956.8

Conference with Real Property Negotiator

Property: 7011 Koll Center Parkway, Pleasanton, CA 94566

Agency Negotiator: David Clovis, CJPRMA

Negotiating Party: Ian Thomas and Damon Hubbard (Colliers International)

Under Negotiation: Price and Terms of Payment

2. Government Code Section 54956.8

Conference with Real Property Negotiator

Property: 73 Ray Street, Pleasanton, CA 94566

Agency Negotiator: David Clovis, CJPRMA

Negotiating Party: Dave Bruzzone and Curtis Berrien (Cornish and Carey Commercial)

Under Negotiation: Price and Terms of Payment

3. Government Code Section 54956.8

Conference with Real Property Negotiator

Property: 3201 Doolan Road, Livermore, CA 94551

Agency Negotiator: David Clovis, CJPRMA

Negotiating Party: Ned Wood and Mark Triska (Colliers International)

Under Negotiation: Price and Terms of Payment

4. **Government Code Section 54956.9 (a)**
Conference with Legal Counsel - Pending Litigation

Name of Case: Vanderheiden v. City of Alameda
Court: Alameda County Superior Court
Case No.: RG 06283619

5. **Government Code Section 54956.9 (a)**
Conference with Legal Counsel – Pending Litigation

Name of Case: Strauch v. City of Chico
Court: Superior Court of California – County of Butte
Case No.: 147066

6. **Government Code Section 54956.9 (a)**
Conference with Legal Counsel – Pending Litigation

Name of Case: LaFrenz v. City of Victorville
Court: Superior Court of California – County of San Bernardino
Case No.: CIVVS 804467

7. **Government Code Section 54956.9 (a)**
Conference with Legal Counsel – Pending Litigation

Name of Case: Millar v. City of Sunnyvale
Court: United States District Court – Northern California
Case No.: CV10 – 0827JW

8. **Government Code Section 54956.9 (a)**
Conference with Legal Counsel – Pending Litigation

Name of Case: DeFreece vs. City of Roseville
Court: Superior Court of California – County of Placer
Case No.: SCV-26624

VIII. ACTION ON CLOSED SESSION ITEMS

- The general manager received settlement authority for two of the cases discussed in the closed session.

IX. ADJOURNMENT

- A motion by Director Carroll, seconded by Director Williams, to adjourn the meeting at 2:34 p.m., passed unanimously.

**CALIFORNIA JOINT POWERS
RISK MANAGEMENT AUTHORITY**

AGENDA BILL

Item #: 1	Title: STANDING COMMITTEES
Meeting: 07/21/2011	
General Manager: 	

Recommended Action:

None. This item is being provided for information and discussion purposes only.

Item Explanation:

The Board of Directors approved a modification of the standing committees at the May meeting. The current structure provides for three standing committees that were established as a result of the 2009 Strategic Plan. The three current committees are the coverage/claims, risk management and education/training.

The committees were developed to enhance the functionality of CJPRMA and the performance of the prior general manager. The intent was to have the committees meet no less than quarterly. Since then they have developed a number of organizational goals and metrics that are being considered for implementation.

These committees developed a number of goals and objectives for CJPRMA. These goals were developed in such a way to enhance services to CJPRMA Members and to achieve the goals generated out of the Strategic Plan. Since the inception of these committees a number of internal and external factors have impacted their functionality. In 2010, CJPRMA appointed a new general manager who continues to alter the direction of CJPRMA consistent with the board approved strategic plan while recognizing the fiscal impacts on our members. Secondly, the board members are being constantly challenged at their cities to do more with less. Board members are committed to the future of CJPRMA but their ability to increase their commitment to additional meetings is not practical.

The Board of Directors approved the general manager recommendations to eliminate one standing committee and merge the functions into the two remaining committees. The two standing committees will be classified as the Training Committee and the Coverage/Claims Committee. The committees will be scheduled to meet twice per fiscal year, one occurring the first day of the annual meeting and the second during the October strategic planning session.

The President will assign the Chairperson and Vice-Chairperson for each committee. The President will assign members of the Executive Committee to staff each standing committee. The Executive Committee will discuss the new structure and will develop goals and direction for each of the standing committee.

The general manager will be present to assist with the formation of the goals and the scheduling for the committees.

Fiscal Impact:

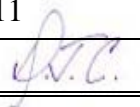
None.

Exhibits:

None.

**CALIFORNIA JOINT POWERS
RISK MANAGEMENT AUTHORITY**

AGENDA BILL

Item #: 2	Title: ANNUAL MEETING 2012
Meeting: 07/21/2011	
General Manager: 	

Recommended Action:

None. This item is being provided for information purposes only.

Item Explanation:

Staff has prepared a cost comparison of the annual meetings held in 2009, 2010 and 2011. The 2009 annual meeting was held in Monterey, the 2010 meeting was held in Santa Rosa and the 2011 meeting was held at the CJPRMA office in Livermore. A copy of the cost comparisons is attached for review.

In addition to the cost comparisons, attendees of the annual meeting provided staff with input regarding the location for the 2012 annual meeting. A copy of the summary of the evaluations is attached for review.

The Board of Directors has discussed this item at numerous meetings and provided staff with various options for alternate locations for the annual meeting.

The Executive Committee will review the cost of the meetings, the evaluation of the 2011 meeting and discuss alternatives for the 2012 meeting.

The general manager will be present to discuss the alternatives.

Fiscal Impact:

None.

Exhibits:

- 1) Annual Meeting Cost Comparison
- 2) 2011 Annual Meeting Evaluation

<u>2009</u>	<u>Lodging/Food</u>	<u>Speakers</u>	<u>Misc</u>	<u>Total</u>
mileage/misc			2,212	
mileage/misc			(1,767)	
Gladstone/Crisis Trng		3,272		
Monterey Plaza	54,332			
	<u>54,332</u>	<u>3,272</u>	<u>445</u>	<u>58,049</u>

<u>2010</u>	<u>Lodging/Food</u>	<u>Speakers</u>	<u>Misc</u>	<u>Total</u>
Liebert Cassidy		3,000		
Hilton Sonoma Wine Cntry	28,992			
misc			570	
	<u>28,992</u>	<u>3,000</u>	<u>570</u>	<u>32,562</u>

<u>2011</u>	<u>Lodging/Food</u>	<u>Speakers</u>	<u>Misc</u>	<u>Total</u>
Hyatt Place	5,280			
Campo di Bocce	2,657			
Miraglia	4,509			
Msg Brd Presentation		350		
Janitorial			98	
Costco - Supplies			295	
Harry's Hofbrau	1,147			
Target			24	
On The Border	1,001			
	<u>14,595</u>	<u>350</u>	<u>417</u>	<u>15,361</u>



2011 Annual Meeting Evaluation

1. How would you rate this meeting?

Answer Options	Excellent	Good	Poor	N/A	Rating Average
1. Overall	10	4	1	0	4.60
2. Site/Location	7	4	4	0	4.20
3. Hotel Rooms	3	6	3	1	3.85
4. Meeting Rooms	12	3	0	0	4.80
5. Food	9	4	2	0	4.47

Comments:

1. It was an awesome seminar.
2. There was no inconvenience from driving to and from the CJPRMA Office and back to the Hotel.
3. Bocce was awesome
4. Too Much Food!
5. You all outdid yourselves on the food! Our board room is clearly a superior location to meet, and I can't imagine finding a better place for the actual business. Although many people raved about the rooms, I found that I didn't like them that much. Different tastes, I suppose!
6. You didn't ask us to rate the restaurants - very good food and lots of fun!
7. The training was excellent, and the meeting was run very well, although I think the meeting could have been run over 2 days, rather than 3. The bocce ball recreation at Campo de Bocce and at the HQ offices was great.
8. Site appropriate for times. Food was good, but could have been healthier.
9. Food was great but way too much! Seemed like a ton of waste.

2. How would you rate the following presentations?

Answer Options	Excellent	Good	Poor	N/A	Rating Average	
1. "Crosswalks at Uncontrolled Locations: Recent Significant Verdicts, Case Law Developments and Use of Visibility Studies" Paul Kayfetz & Steve Mitchell	13	2	0	0	0	4.87
2. "Critical Incidents Lesson Learned from BART: the Johannes Mehserle Story" Dale Allen & Allison Berry Wilkenson	8	3	3	0	0	4.36
3. "Social Networking" C. Christine Maloney	6	4	5	0	0	4.07
4. "EPL Case Evaluation" C. Christine Maloney & Craig Schweikhard	4	3	5	1	1	3.57
5. "There is a Bulletin Board in Your Tool Kit" John Stevenson	2	3	4	2	1	3.25

Comments:

1. The "poor" comment is only because my bulletin board doesn't work. Lol
2. All presentations were top notch. Very useful information to take back and put into practice.
3. The BART presentation was too long...speakers drug it out too much, yet the information overall was excellent. The second class was really unnecessary. Most of the material was covered in the first day, and in Craig B.'s report.
4. The first two trainings were remarkable! If we could continue to get presentations of that caliber, we will be in good shape. The social networking was good. I felt that the EPL training lacked focus. The bulletin board training was haphazard, and I think we could have done better with in-house resources!
5. The EPL Case Evaluation was loaded with great actual examples...but maybe just a few too many. I "cashed out" (fell asleep) for the last 20 minutes.
6. Most of the trainings were good or excellent. The bulletin board presentation could have been better, possibly with some interactive participation.

3. How would you rate the following?

Answer Options	Excellent	Good	Poor	N/A	Rating Average	
1. Amount of information provided through training	10	3	2	0	0	4.53
2. Content of training presentations	10	3	2	0	0	4.53
3. Amount of information provided through meetings (Committee & Board)	7	5	2	0	0	4.36
4. Content of meetings (Committee & Board)	7	4	2	0	0	4.38

Comments:

1. Please see my comments above regarding the amount and content of the training. The rating represents the average of the excellent presentation and those not so much.
2. The closed session cases were well "briefed." Just enough time was spent on them.
3. The trainings were excellent overall, and the meetings were informative and well run.

4. How would you rate the following?

Answer Options	Stongly Agree	Agree	Strongly Disagree	N/A	Rating Average	
1. I liked the length of this meeting and would like the 2012 meeting to be the same amount of time	7	3	4	0	0	4.21
2. I liked having the meeting at the CJPRMA Main Office	4	4	5	1	0	3.79
3. I want the 2012 meeting to be held at a member entity	4	2	5	1	1	3.54

Comments:

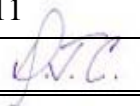
1. It thought the information was awesome! I think a hands on session or group workshop in between the afternoon session would help the brain. Sitting through hours of great presentations was a lot to retain. Suggestions for next conference would be claims administration (process and procedures; pros and cons about self administering vs. tpa; defense/investigation strategies).
2. Given the economic reset and perception by the community and staff, it's appropriate to have the meeting at CJPRMA Main Office.
3. If we are going to have two overnight meetings, I would want one to be at member entity
4. I have no opinion on where the meetings are held.
5. This one is a mixed bag. Meeting at the office was excellent. Our board room is without par. Staff being in their own space made everything so smooth. That said, I think there is some real advantage to everything happening more close together. Campo di Bocce was fun, but it was removed from both the office and the hotel. I think a "one-stop shop" might serve our needs better. I liked the suggestion that we continue to have the October meeting in Livermore and the annual meeting at a member City.
6. I like the meetings at the CJPRMA Main Office because of proximity and cost savings, but I am OK with one meeting a year at a hotel near a member.
7. My preference is for the meeting and hotel to be within walking distance from each other.

5. Please provide suggestions for the 2012 Annual Meeting Location (within a member entity).

1. If the board wanted to travel Redding could host. If you wanted a free conference room we could probably fit in the Community Room where the Marshburn training was held???? It's free. If you wanted an onsite location w/conference room/hotels/restaurant/bar....Gaia Hotel in Anderson has great rooms and a great restaurant/bar. In Redding, it would be the Holiday Inn or Red Lion for rooms and restaurant/bar. (emailed Gaia to find out meeting room capacity)
2. My preference is at the CJPRMA Main Office or Santa Rosa, if I had to choose.
3. Four Points Sheraton in San Rafael (2,500 square feet of meeting space)
4. I'm OK with any member entity
5. Do a survey of which entities are actually interested in hosting and send out interested areas to members for input.
6. The option in Lodi sounds good and is probably worth a try for 2012.
7. Pick any city on the coast. Second choice would be in the Bay Area, somewhere. Avoid the central valley at all costs (blah!).
8. San Rafael Embassy Suites would be nice. (1,700 square feet of meeting space)
9. Do we have any members in the mountains or by the ocean?

**CALIFORNIA JOINT POWERS
RISK MANAGEMENT AUTHORITY**

AGENDA BILL

Item #: 3	Title: EXECUTIVE COMMITTEE STRATEGIC DIRECTION
Meeting: 07/21/2011	
General Manager: 	

Recommended Action:

None. This item is being provided for information purposes only.

Item Explanation:

This will be the first meeting of the 2011-2012 Executive Committee. The two new members elected to the Executive Committee are Director Ron Blanquie from Petaluma, who will be serving his first full term and Director Steven Schwarz from Fremont, who will be serving a two year term. Director Kathleen Williams from Stockton has completed her two year term.

The CJPRMA Bylaws provide the committee with their responsibilities and authority. A copy of the Bylaws has been attached for discussion. In addition to the job specifications of the Executive Committee Members, there are a number of business related issues that will provide assistance and direction to the general manager and staff. President Handy and the general manager have discussed the functions and responsibilities of the Executive Committee and intend to discuss the goals of the organization and its impact with the committee members.

The general manager will be available to lead a discussion regarding the direction and goals of the Executive Committee.

Fiscal Impact:

None.

Exhibits:

- 1) CJPRMA Bylaws

CALIFORNIA JOINT POWERS
RISK MANAGEMENT AUTHORITY



BYLAWS

Amended: 06/16/94, 09/19/94, 09/20/99, 11/21/02, 04/17/06, 05/08/08, 12/11/08, 06/17/10

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BYLAWS

For the regulation of the California Joint Powers Risk Management Authority, except as otherwise provided by Statute or the Joint Powers Agreement Creating the California Joint Powers Risk Management Authority.

ARTICLE I

DEFINITIONS

The terms in these Bylaws shall be as defined herein and in the Joint Powers Agreement Creating the California Joint Powers Risk Management Authority (hereinafter JPA Agreement), unless otherwise specified herein.

1. **Alternate Director** shall mean that individual appointed by a *member entity* to act in the absence of its duly appointed representative except the *alternate director* shall not exercise the powers of an officer of the *Authority* or serve on the *Executive Committee*.
2. **Authority** shall mean the California Joint Powers Risk Management Authority created by the JPA Agreement.
3. **Board** or **Board of Directors** shall mean the governing body of the *Authority* composed of one representative of each *member entity*.
4. **Cash Assessment** shall mean an amount determined by the *Board of Directors* to be paid by each member entity as necessary to meet the *Authority's* obligations.
5. **Cash Contribution** shall mean the annual dollar amount determined by the *Board of Directors* which is payable by each *member entity* as its established share of the funding required to cover the financial obligations of each *pooled coverage program* in which the *member entity* participates.
6. **Certificate of Coverage for Additional Covered Party** shall be the document issued by the *Authority* to third parties specifying the type and amount of *pooled coverage* provided to the *member entity* by the *Authority* and extended to the named third party for the specified purpose.
7. **Claims** shall mean demands made against the *member entities* or the *Authority* arising out of occurrences which may be within the *Authority's pooled coverage programs*.
8. **Covered Loss** shall mean any loss resulting from a *claim* or *claims* against a *member entity* or the *Authority* which is in excess of the member entity 's respective *retained limit* and is

covered by any *Memorandum of Coverage* issued by the *Authority* or any *purchased coverage programs* and shall include loss payments, defense costs and other charges directly attributable to the resolution of the matter including defense costs incurred by the *Authority*.

9. **Director** shall mean that individual appointed from that *member entity* to serve on the *Board of Directors*.
10. **Entire Board** shall consist of all *directors*, whether or not present at a *Board* meeting.
11. **Excess Insurance** shall mean that commercial insurance purchased by the *Authority* to cover losses in excess of the *Authority's* pooled limits and/or each *member entity's retained limit*.
12. **Executive Committee** shall mean that body composed of the President, Vice-President and five additional members of the *Board of Directors* elected in accordance with these Bylaws.
13. **General Manager/Secretary** shall mean an officer of the *Authority* appointed by a majority of the *entire Board* and who shall serve at the pleasure of the *Board*.
14. **Incurred Loss** shall mean the sum of monies paid or reserved by the *Authority* to investigate, defend and satisfy a *covered loss* sustained by a *member entity* or the *Authority*.
15. **Majority Vote** shall mean a number greater than one-half of the votes cast.
16. **Member Entity** shall mean each of the public entities which is a party to the JPA Agreement.
17. **Memorandum of Coverage** shall be the document issued by the *Authority* to *member entities* specifying the type, amount and conditions of *pooled coverage* provided to each participant by the *Authority*.
18. **Plurality Vote** shall mean the greatest number of votes when there are two or more competitors for the same office.
19. **Pooled Coverage Programs** shall consist of coverages provided directly by the *Authority* pursuant to a *Memorandum of Coverage* and/or provided by a *purchased coverage program*. These may include, but are not limited to, property, workers' compensation, and liability coverages as may be determined by the *Board*.
20. **Program Year** shall mean a period of time determined by the *Board*, usually 12 months, into which each *pooled coverage program* shall be segregated for purposes of accounting and record keeping.

21. **Purchased Coverage Program** shall mean any transfer of risk by the *Authority* through the purchase of commercial *excess insurance*, participation in a joint powers authority, risk retention group or similar mechanism.
22. **Retained Limit** shall mean the amount of a *claim* which the *member entity* must incur, or become liable for, before the *Authority*, or any applicable *purchased coverage program*, is obligated to pay.
23. **Treasurer** shall mean an officer of the *Authority* appointed by a majority of the *entire Board* who shall serve at the pleasure of the *Board*.

ARTICLE II

OFFICES

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

Other business offices may be established by the *Board* at any time and at any place or places where the *Authority* is qualified to do business.

ARTICLE III

DIRECTORS & OFFICERS

Appointment of Board of Directors

The governing board or other duly designated official of each *member entity* of the *Authority* shall appoint a representative to the *Board of Directors*. Such representative shall be an employee or officer of the *member entity*, or in the case of a joint powers authority, may be an employee or officer of a *member entity* of such joint powers authority. The appointment shall be in writing, directed to the *Authority* at its designated principal executive office, and shall remain in effect until the receipt of a notice designating a replacement. Each *member entity* shall also designate an *alternate director*, in the manner described above, to act in the absence of its duly appointed representative except the *alternate director* shall not exercise the powers of an officer of the *Authority* or serve on the *Executive Committee*.

Election and Removal of Officers

The officers of the *Authority* shall be the President, Vice President, *Treasurer* and *General Manager/Secretary*. The President and Vice President shall be elected, as individuals, from among the members of the *Board of Directors*, not as the *member entities* they represent, in even numbered years and serve for a term of two years. The duties of the officers shall be assumed upon their election or appointment.

The *Treasurer* will be appointed, by a majority of the *entire Board*, and shall serve at the pleasure of the *Board*. The term of *Treasurer* shall be two years, with appointments being made in the even number years, subject to the pleasure of the *Board*. The *Treasurer* may vote on matters before the *Board*, *Executive* or other appointed committees only if he/she is also a *director* serving in the appropriate capacity.

The General Manager shall be the Secretary and Chief Administrative Officer of the *Authority* appointed by a majority of the *entire Board* and shall serve at the pleasure of the *Board*. Although the *General Manager/Secretary* is an officer of the *Authority*, he/she may not vote on matters before the *Board*, *Executive* or other appointed committees. The *General Manager/Secretary* may not be an employee or an officer of a *member entity*.

Nomination of candidates for the offices of President and Vice-President shall be made in writing to the *Authority* no later than May 1 of each even numbered year. The *General Manager/Secretary* shall verify with the nominees that they are willing to run. The slate of nominees will be provided to each *member entity* at least thirty (30) days before the June *Board of Directors* meeting. Voting for officers will be conducted at the June *Board* meeting. A candidate may be nominated for more than one office. A candidate may withdraw at any time prior to the election by notifying the *General*

Manager/Secretary either orally or in writing. Election for President will be held first, then election for Vice President, then election for membership on the *Executive Committee*. Each *director* present shall cast one vote for each office. The candidate receiving the greatest plurality of votes for the particular office will be elected and will assume the office upon his/her election. In the event of a tie vote, those not involved in the tie vote will be eliminated and the remaining candidates will be the subject of a run off election as described above. If unsuccessful after the run off, the election for that office shall start again with all the candidates eligible.

The President and Vice-President will serve for their elected term of office, until termination of employment or office with a *member entity*, or until removal from office by the affirmative vote of three-fourths of the members of the *entire Board of Directors* at any regular or special meeting of the *Board of Directors*. Vacancies in the offices of President or Vice-President will be filled by election of a replacement, at the next regular or special meeting of the Board, by a *majority vote* of the *Board*, to serve the remainder of the unexpired term.

ARTICLE IV

EXECUTIVE COMMITTEE

The President and Vice-President shall serve on the *Executive Committee* during their incumbency in those offices. The remaining five members shall be elected from among the *directors* to serve a term of two years under the procedures set forth below. A *member entity* cannot hold more than one (1) position on the *Executive Committee*. A non-officer *director* must have served on the *Board* for at least twelve (12) months preceding the date of the election for the office.

Powers

The powers of the *Executive Committee* shall be those powers delegated to it by the *Board of Directors* which may include but are not limited to:

- a. personnel matters concerning salary, benefits and working conditions of staff;
- b. approval of warrants;
- c. approval of Requests for *Certificates of Coverage for Additional Covered Parties*;
- d. *covered loss* settlement authority in an amount as determined by the *Board*;
- e. approval of contracts for routine services (*claims* audit, financial audit, actuarial study, etc.);
- f. other authority as delegated by the *Board*.

The *Board of Directors* may revoke any of the powers delegated to the *Executive Committee* by a *majority vote* of the *entire Board*.

Election and Removal of Executive Committee Members

Election of two non-officer members of the *Executive Committee* shall occur at the June *Board of Directors* meeting in each odd numbered year by election from an eligibility list prepared by staff. The eligibility list shall consist of all *Directors* meeting the eligibility requirements set forth in this Article.

Appointment of three *directors* shall be conducted in even numbered years, one from each of three lists, after the election of officers. Staff shall prepare, starting with the June 2009 election, three lists of *directors*, randomly generated. One list shall consist of *Directors* from *Member Entities* that are themselves joint powers authorities; one list shall consist of *Directors* from *Member Entities* that are

cities with a population of 100,000 or more; and one list shall consist of *Directors* from *Member Entities* that are cities with a population of less than 100,000. The eligibility list used in June, 2009 will carry over from the rotation order previously generated. The *directors* at the top of each applicable list shall be considered elected to open positions on the *Executive Committee* for a single term of two years each. If a *director* reaches the top of the list but is ineligible by reason of not having served on the *Board* for at least twelve (12) months, that *Director* will be passed but remain at the top of the list for the next election. If a *Director* reaches the top of the list but wishes to decline election to the *Executive Committee*, the *Director* may do so on a one-time basis only, but shall remain at the top of the list for the next following election.

The President and Vice President shall be limited to two consecutive two-year terms, and will not be eligible to run for the same office after completing two terms, until being out of office for at least one term. Upon completion of a term as President, Vice President or as a member of the *Executive Committee*, a *Director* will move to the bottom of the eligibility list for election to the *Executive Committee*.

The immediate past President will serve one (1) two year term on the Executive Committee. This will be a non-voting member of the committee.

Non-officer vacancies on the *Executive Committee* for rotation list positions will be filled by appointment of a replacement from the top of the applicable eligibility list, to fill the remainder of the unexpired term and the following two-year term. Non-officer vacancies on the Executive Committee for odd year election positions shall be filled by Board vote at the next meeting following the vacancy, to fill the remainder of the unexpired term.

New *Member Entities* shall be added at the bottom of the applicable eligibility list at the time of admission to membership in the Authority.

Non-officer members of the *Executive Committee* may be removed by the affirmative vote of three-fourths of the members of the *entire Board of Directors* at any regular or special meeting of the *Board of Directors*.

Any member of the *Executive Committee* who has failed to attend at least 50% of the regular meetings of the *Executive Committee* within any 12 consecutive month period shall be automatically removed from the *Executive Committee* and from office if he/she is the President or Vice President.

ARTICLE V

MEETINGS

Board of Directors Meetings

There shall be at least four regular meetings of the *Board of Directors* each year, one of which shall be designated as the Annual Membership Meeting. At the final *Board* meeting of each calendar year, the *Board* shall fix the date, hour and location at which each regular meeting in the succeeding year is to be held. The *General Manager/Secretary* may request special meetings of the *entire Board* as needs dictate. Special meetings may also be called by the President or one-third of the *Board*. Notice of such special meetings shall be delivered personally, by electronic facsimile transmission or by mail, as provided by state law, to each *Board* member at least twenty-four (24) hours before the time of such meetings.

A regular or special meeting of the *Board* may be cancelled or postponed by the *General Manager/Secretary* or President by notice delivered personally, by electronic facsimile transmission or by mail, as provided by state law, to each *Board* member at least twenty-four (24) hours before the time of such meeting. The Annual Membership Meeting may be postponed but not cancelled.

Executive Committee Meetings

The *Executive Committee* shall hold at least six regular meetings each year, some of which may coincide with meetings of the *Board of Directors*. The President, at the final *Executive Committee* meeting in each calendar year, shall fix the date, hour and location at which the regular meetings in the succeeding year are to be held and notify all *directors* of such dates, times and locations. The President or *General Manager/Secretary* may request special meetings as needs dictate. Notice of such special meetings shall be delivered personally, by electronic facsimile transmission or by mail, as provided by state law, to each *Board* member at least twenty-four (24) hours before the time of such meetings.

A regular or special meeting of the *Executive Committee* may be cancelled or postponed by the President or *General Manager/Secretary* by notice delivered personally, by electronic facsimile transmission or by mail, as provided by state law, to each *Board* member at least twenty-four (24) hours before the time of such meeting.

General Meetings

No business may be transacted by the *Board*, *Executive Committee*, or other appointed committees without a quorum of their respective members being present. A quorum of the *Board* shall consist of a majority of its number; a quorum of the *Executive Committee* shall number five members. Quorums of other committees established by the *Board* shall be a majority of their members. A majority of the members present must vote in favor of a motion to approve it, except as otherwise

provided in the JPA Agreement/Bylaws and except for the following:

1. Four votes are required to pass any *Executive Committee* motion except for votes to assume control of *claims* as outlined under Article IX.
2. A *majority vote* of the *entire Board* is required to amend the Bylaws provided that any amendment is compatible with the purposes of the *Authority*, is not in conflict with the JPA Agreement and has been submitted to the *Board* at least thirty (30) days in advance.
3. A two-thirds vote of the *entire Board* is required to levy a *cash assessment* for any *pooled coverage program*.
4. A three-fourths vote of the *entire Board* is required to remove an officer/non-officer of the *Authority* or a non-officer of the *Executive Committee*.
5. A three-fourths vote of the *entire Board* is required to expel any *member entity* from the *Authority*.

The *Board* and the *Executive Committee* shall conduct their business in accordance with Roberts Rules of Order.

An agenda of each *Board* or *Executive Committee* meeting shall be published and posted in the business office of the *Authority* in accordance with applicable state law.

Official minutes of the *Board* and *Executive Committee* meetings shall be kept by the *Authority* in a minute book at its principal executive office and shall be distributed to the *member entities* as soon after the meetings as practicable.

ARTICLE VI

DUTIES OF DIRECTORS AND OFFICERS

The *Board of Directors* shall be responsible for governing the *Authority* either directly or by delegation to other bodies or persons unless prohibited by law or by the JPA Agreement, and shall exercise all those powers not specifically reserved to the *member entities* in the JPA Agreement. Each *director* shall have the authority to bind their *member entity* on all matters pertaining to the JPA Agreement, as provided in the JPA Agreement. Each *director* of a *member entity* shall be entitled to cast one vote in all matters requiring a vote, except in the case of an actual or potential conflict of interest.

Each *Member Entity* shall be required to be represented, by a properly appointed *Director/Alternate*, at a minimum of 50% of all *Board* meetings held during the course of a program year. Failure to meet this minimum standard of attendance shall result in a 5% surcharge being added to the *Member's* contribution calculation for the *program year* immediately following.

The duties of the President shall be to preside at all meetings of the *Board* and the *Executive Committee* and to perform such other duties as the *Board* may specify.

The duties of the Vice-President shall be to act as the President, in the absence of the President, and to perform such other duties as the *Board* may specify.

The duties of the Treasurer shall be those specified in sections 6505.5 or 6505.6 of the California Government Code, to receive and safekeep all money coming into the treasury, to comply with all laws governing the deposit and investment of funds, and to approve the monthly financial report to the *Board* summarizing receipts, disbursements, and fund balances, along with a listing of all investments and other duties as specified by the *Board*.

The duties of the *General Manager/Secretary* shall be to administer the operations of the *Authority*, to cause minutes to be kept as specified in the JPA Agreement, to maintain or cause to be maintained all accounting and other financial records of the *Authority*, to file all financial reports of the *Authority* and to perform such other duties as the *Board* may specify.

ARTICLE VII

BUDGET

An annual budget shall be presented by the *General Manager/Secretary* to the *Board* no later than thirty (30) days prior to the beginning of each fiscal year and shall be adopted no later than July 31 of each year. At the discretion of the *Board*, a multi-year budget may be adopted, thereby eliminating the requirements of annual presentation and adoption during the term of such multi-year budget.

The budget shall separately show the following:

- a. a general and administrative section;
- b. a revenue section; and,
- c. sections for each *pooled coverage program* specifying:
 - 1) the actuarially estimated *claims* and allocated *claims* adjustment costs;
 - 2) an equitable allocation of the general and administrative costs;
 - 3) an equitable allocation of the revenue.

ARTICLE VIII

RECEIPT AND DISBURSEMENT OF FUNDS

Revenues of the *Authority* shall be received at its principal executive office. The *Treasurer, General Manager/Secretary* or other designee of the *Board* shall safeguard and invest funds in accordance with the *Authority's* current Investment Policy.

The President, Vice-President, *Treasurer* and *General Manager/Secretary* shall be authorized signatories of the *Authority's* checking account. All checks disbursing funds of the *Authority* shall be signed by the appropriate number of officers as established by action of the *Board*.

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

The *General Manager/Secretary* shall be authorized to make all expenditures for goods or services without specific approval, to the extent such funds have been included and approved by adoption of the budget, or as subsequently approved by the *Board*.

Authority to expend funds for goods or services, approved by the *Board* or provided for in the budget, may be granted by the *Executive Committee*. The *Executive Committee* shall be authorized to permit budget modifications in amounts up to \$25,000 for expenditures in excess of previously budgeted or approved amounts.

ARTICLE IX

SETTLEMENT OF CLAIMS

All *claims* settlement recommendations shall be presented by the *General Manager/Secretary*, or his designee, to, and be approved by, the *Board* prior to final settlement, except that the *Executive Committee* shall have the authority to approve settlements in an amount not to exceed \$500,000 of the *Authority's* funds.

In accordance with the *Memorandum of Coverage*, the *Authority* may assume control of and defend or settle any *claim* determined to have a reasonable probability of resulting in an ultimate net loss in excess of the *member entity's retained limit*.

The procedure for assuming control of a *claim* shall be as follows:

1. The *General Manager/Secretary* may submit the issue of assuming control of a *claim* directly to the *Board of Directors*, for decision, by presenting a written recommendation to that effect.
2. The General Manager and the covered party will have the right to submit written materials and present oral arguments to the *Board*, subject to reasonable time constraints.
3. The *Board* may determine to assume control of a *claim* by a *majority vote* of the *entire Board*.
4. The affected *Board* member (i.e. whose *member entity* is the defendant in the *claim*) shall be disqualified from the final discussion and vote on this issue.

ARTICLE X

POOLED COVERAGE PROGRAMS

The *Authority* shall provide a *pooled coverage program* for Automobile/General Liability. The *Authority* may also provide *pooled coverage programs* such as workers compensation, property, and other risks as determined by the *Board of Directors*. All *member entities* must participate in the Automobile/General Liability program in order to maintain their membership in the *Authority*. The terms and conditions of each *pooled coverage program*, including participation commitment (if any), choices of *retained limits*, *cash contributions*, formulas and other relevant details shall be determined by the *Board*.

Any *pooled coverage program* in effect on the effective date of these Bylaws shall be continued in the absence of specific action by the *Board of Directors* to the contrary.

Automobile/General Liability Program

The Automobile/General Liability Program of the *Authority* shall provide coverage in accordance with the terms of the current *Memorandum of Coverage* and with limits and *retained limit* options as determined by the *Board of Directors*.

Coverage may be provided by a *pooled coverage program* and/or *purchased coverage programs* as determined by the *Board of Directors* and as described in the Automobile/General Liability Program Master Plan Document, attached hereto and incorporated herein by reference.

Automobile/General Liability Cash Contributions

The Automobile/General Liability Program shall be funded by the annual *cash contributions* of the participating *member entities* at a level which is actuarially determined to be sufficient to cover the predicted losses, loss adjustment expenses, defense costs, *excess insurance* premiums (if any), and a pro rata share of the general and administrative expenses of the *Authority*.

Cash contributions shall be calculated by taking into consideration the following factors:

1. The workers compensation payroll of each *member entity*, as determined by each *member entity's* DE-3DP reports for the four quarters ending March 31 prior to the commencement of the next *program year*.
2. There will be a minimum reported payroll, amounting to a percentage of the total workers compensation payroll for all *member entities* participating in the program, as specified in the Master Plan Document.
3. A 5% surcharge shall be added to the contribution calculation of any *member* that

failed to have a properly designated representative (*Director/Alternate*) attend at least 50% of the *Board* meetings held during the immediately preceding *program year*.

Funds on deposit for each pooled layer of each *program year* shall be accounted for separately. Borrowing between *program years*, collectively, to cover losses, will be permitted, provided that the California Joint Powers Risk Management Authority liability program, as a whole, is determined to be actuarially sound and the total outstanding borrowing does not exceed five million dollars (\$5,000,000.00).

The amount borrowed will be repaid either as a charge against future deposit premium refunds, as they become available, or by a supplemental assessment levied by the *Board of Directors*, if such supplemental assessment is determined to be necessary by the *Board*.

Interest will be charged on the borrowed funds based on the average monthly interest rate earned by the Authority, as determined by the *Treasurer*.

Cash contributions made to the Authority, and any investment income attributed to such funds, shall be held in trust by the Authority for the benefit of the *member entities*. After payment of all *claims*, *claims* expense and other expenses which are the obligation of a *program year*, any remaining assets shall be redistributed to the participating *member entities* in accordance with their pro rata share of contributions.

For Program Years 2008-2009 and following, the Authority will establish an Excess Loss Fund that will be used to provide funds in the event losses, loss adjustment expenses, and defense costs expended for any *program year* exceed the amount of cash contributions (and any interest earnings thereon) for loss funding for that *program year*. Payments from the Excess Loss Fund will not be charged back to the *program year* nor will the payments result in any assessment against *program year* members, but will instead act as a form of “stop loss” for the loss fund for that *program year*.

The Excess Loss Fund shall be accounted for as a single fund applying to all *program years* for 2008-2009 and following. Members retain an equity interest in funds contributed to the Excess Loss Fund and will be credited with any interest income realized by the Excess Loss Fund in proportion to their pro rata share of total contributions to the fund at the time the investment income is earned. Should any *Member Entity* withdraw from the Authority, the *Board* will establish a plan for an orderly return of the withdrawing member’s equity over a period of time, so that the Excess Loss Fund remains actuarially sound. The withdrawing member’s equity interest in the Excess Loss Fund shall be calculated on the basis of its pro rata share of equity balance at the time of withdrawal, but this figure shall be subject to subsequent adjustment because of any payments for losses and expenses by the Excess Loss Fund on account of occurrences taking place while the *Member Entity* participated, and the withdrawn member shall continue to be entitled to its pro rata share of interest earned on any balance it has remaining in the Excess Loss Fund. The Board shall be entitled to

maintain reasonable reserves in the Excess Loss Fund, but after all *program years* during which the withdrawn member participated are closed out, the withdrawn member will be entitled to a return of any remaining equity it has in the Excess Loss Fund. A withdrawn member will be required to pay an assessment in the event its equity balance in the Excess Loss Fund becomes negative on account of losses paid from the Excess Loss Fund for occurrences taking place during the program years in which the withdrawn member participated.

The *cash contributions* of each *member entity* may be modified by the application of credits or charges as determined by the *Board of Directors* and in accordance with applicable policies and procedures adopted by the *Board*.

Cash contribution invoices are payable upon receipt and become in arrears thirty (30) days after the commencement of the *program year*. Interest and/or penalties for all such invoices in arrears shall be calculated in accordance with policies and procedures adopted by the *Board*.

Workers' Compensation Program

The Workers' Compensation Program shall consist of the following:

- a. The *Authority* may purchase a policy of commercial *excess insurance* providing coverage with limits to be determined by the *Board of Directors*.
- b. The *Authority* may establish and maintain a *pooled coverage program* for *claims* below the commercial *excess insurance*, at the discretion of the *Board of Directors*, in an amount determined by the *Board*.
- c. *Member entities* desiring to become participants in this *pooled coverage program*, after July 1, 1990, may do so with the concurrence of at least two-thirds of the entities participating therein.
- d. *Member entities* may be expelled from this *pooled coverage program* by a vote of three-fourths of the remaining participants.
- e. If the Workers Compensation Program is in effect, terms and conditions shall be as described in the Workers' Compensation Program Master Plan Document, attached hereto and incorporated herein by reference.

Workers' Compensation Cash Contributions

The *cash contributions* shall be sufficient to pay the commercial *excess* workers compensation *insurance* premium, to fund the *Authority's pooled coverage program* (if any) and to pay a portion of the *Authority's* general and administrative expenses in an amount to be determined by the *Board of Directors*.

The cash contributions shall be based upon each *member entity's* DE-3DP payroll for the four

quarters ending March 31 prior to the commencement of the next *program year*.

Cash contribution invoices are payable upon receipt and become in arrears thirty (30) days after the commencement of the *program year*. Interest and/or penalties for all such invoices in arrears shall be calculated in accordance with policies and procedures adopted by the *Board*.

Property Program

The Property Program shall consist of the following:

- a. The *Authority* may purchase a policy of *excess insurance* with limits to be determined by the *Board of Directors*. The coverage of such policy shall be as stated in the excess policy and as negotiated with the excess carrier(s).
- b. The *Authority* may establish a *pooled coverage program* for *claims* below the commercial *excess insurance*, at the discretion of the *Board of Directors*, in an amount determined by the *Board*.
- c. *Member entities* desiring to become participants in this *pooled coverage program*, after July 1, 1990, may do so with the concurrence of at least two-thirds of the entities participating therein.
- d. *Member entities* may be expelled from this *pooled coverage program* by a vote of three-fourths of the remaining participants.
- e. The terms and conditions of the Property Program shall be as described in the Property Program Master Plan Document attached hereto and incorporated herein by reference.

Property Program Cash Contributions

The cash contributions shall be sufficient to pay the commercial excess property insurance premium, to fund the *Authority's pooled coverage program* (if any), and to pay a portion of the *Authority's* general and administrative expenses in an amount to be determined by the *Board of Directors*.

The *cash contribution* shall be based upon each *member entity's* stated property values and may be adjusted by the *Board* to take into account special or unusual risks.

Cash contribution invoices are payable upon receipt and become in arrears thirty (30) days after the commencement of the *program year*. Interest and/or penalties for all such invoices in arrears shall be calculated in accordance with policies and procedures adopted by the *Board*.

ARTICLE XI

MEMORANDUM OF COVERAGE FOR THE AUTOMOBILE/GENERAL LIABILITY POOLED COVERAGE PROGRAM

The following provisions shall apply with regard to the *Memorandum of Coverage* for the Automobile/General Liability *pooled coverage program*:

- a. No action shall lie against the *Authority* with respect to the coverages and related provisions defined in the *Memorandum of Coverage (Memorandum)* for the Automobile/General Liability *pooled coverage program* unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of the *Memorandum*, nor until the amount of the covered party's obligation to pay shall have been finally determined either by judgment against the covered party, after actual trial, or by written agreement of the covered party, the claimant and the *Authority*. Any person or organization, or the representative thereof, who has secured such judgment or written agreement, shall thereafter be entitled to recover under said *Memorandum* to the extent of the coverage afforded therein. No person or entity shall have any right under said *Memorandum* to join the *Authority* as a party to any action against the covered party to determine the covered party's liability, nor shall the *Authority* be impleaded by the covered party or its legal representative. Bankruptcy or insolvency of the covered party or of the covered party's estate shall not relieve the *Authority* of any of its obligations under said *Memorandum*.
- b. The *Authority* shall be subrogated, to the extent of any payment hereunder, to all the covered party's rights of recovery, and the covered party shall do nothing after loss to prejudice such rights and shall do everything necessary to secure such rights. Any amount so recovered shall be apportioned as follows:
 1. The *Authority* shall be reimbursed first to the extent of its actual payments. If any balance remains unpaid, it shall be applied to reimburse the covered party.
 2. The expenses of all such recovery proceedings shall be apportioned in the ratio of the respective recoveries. If there is no recovery in proceedings conducted by the *Authority*, it shall bear the expenses thereof.
 3. The *Authority* shall not be liable to any Covered Party for reimbursement of ultimate net loss covered under the Memorandum of Coverage unless the Covered Party has timely reported the claim and submitted, no later than two years after final judgment or settlement of the claim, a request for reimbursement, itemizing the amount sought and providing any necessary supporting details. This paragraph shall operate as a limitations period on any

claims for reimbursement of covered ultimate net loss, and operates in addition to the requirements set forth above of full compliance with all other terms of the Memorandum of Coverage.

ARTICLE XII

ASSESSMENTS

Upon a two-thirds vote of the *entire Board*, the *Board* shall have the authority to levy a *cash assessment* for any *pooled coverage program*. There must be a finding by the *Board* that there are insufficient funds available to the *Authority* to meet its legal obligations.

A *cash assessment* shall be directed only to those *member entities* or former *member entities* which participated in the *pooled coverage program* during the *program year* in which the *covered loss*, causing the assessment, was incurred.

Any costs, including attorney fees incurred by the *Authority* in collecting any *cash assessment*, shall be reimbursed in full by the *member entity* against which such collection action has been taken.

ARTICLE XIII

NEW MEMBERS

The *Board* has established the following criteria for considering new members:

1. Pool Membership

Applicants accepted for membership after April 28, 1992, must participate in at least Pool Layers C and D of the Automobile/General Liability *pooled coverage program*.

2. Coverage

JPA's accepted for membership after April 28, 1992, may not add new members for CJPRMA coverage purposes, for a period of three years following their admission to the new JPA member, without the specific approval of two-thirds of the CJPRMA *Board of Directors*.

3. Application Process

Any applicant desiring to be considered for membership by CJPRMA must adhere to the following procedure:

- a. Complete a CJPRMA application form which may include, but not be limited to, the following information:
 - 1) underwriting data for the current year;
 - 2) payrolls for the prior five years;
 - 3) loss history for the prior five years,
 - 4) a copy of the most recent *claims* audit and actuarial reports;
 - 5) a copy of the most recent audited Financial Statements;
 - 6) an indication as to the *pooled coverage programs* in which the prospective member wishes to participate and the anticipated *retained limit* for such programs; and
 - 7) descriptions of its risk management programs.
- b. Provide an actuarial study in a framework that is acceptable to CJPRMA.
- c. Provide a current accreditation or independent consultant 's report from an

organization that is acceptable to CJPRMA.

- d. Submit to a staff analysis of their qualifications for membership and provide whatever documentation is required.
- e. Comply with any other requests or considerations made by the *Board of Directors*.

Additionally, applicants may, at their option, request a non-binding vote regarding their membership application. Subsequent to that vote, it shall be the applicant's decision as to whether or not they wish to continue with the application process.

Upon review of a prospective *member entity's* application, and after necessary site visits by staff, a report, containing a staff recommendation, will be presented to the *Board of Directors*. The prospective *member entity* will be invited to attend a meeting of the *Board of Directors* to respond to questions concerning the application. The affirmative vote of two-thirds of the members of the *entire Board* is necessary for admission to the *Authority*.

ARTICLE XIV

TERMINATION AND DISTRIBUTION

Upon termination of the *Authority*, in accordance with Article XXIV of the JPA Agreement, the *Authority* shall take all necessary actions to properly dispose of all *claims* and other liabilities of the *Authority*. When all obligations have been satisfied, all remaining assets of the *Authority* shall be distributed as follows:

Cash Contributions:

All remaining *cash contributions* shall be distributed among only the parties which have been participants in its *pooled coverage program*, including any of those parties which previously withdrew, or were expelled, pursuant to Articles XXI and XXII of the JPA Agreement and in accordance with the terms and conditions of the Bylaws. Each qualifying participant's share shall be determined on the same basis as the redistributions for each Automobile/General Liability *program year*.

Real and Personal Property (other than cash contributions):

All real and personal property shall be liquidated. Each member entity of the *Authority*, at the time of the *Authority's* termination, and each expelled or withdrawn *member entity*, which participated in the Automobile/General Liability program within the five years immediately preceding the termination, shall qualify to receive a portion of the *Authority's* liquidated assets. The cash from the liquidated assets will be distributed in the same manner as the *cash contributions*. The *Board* shall determine and make such distribution within six months after the last pending *claim* or *covered loss*, subject to the JPA Agreement, has been finally resolved.

ARTICLE XV

AMENDMENTS

These Bylaws may be amended by a *majority vote* of the *entire Board* provided that any amendment is compatible with the purposes of the *Authority*, is not in conflict with the JPA Agreement, and has been submitted to the *Board* at least thirty (30) days in advance.

Any such amendment shall be effective immediately, unless otherwise designated.

APPENDIX A

PRINCIPAL EXECUTIVE OFFICE

The principal address of the California Joint Powers Risk Management Authority for the transaction of business and receipt of all notices shall be:

3252 Constitution Drive
Livermore, CA 94551

**CALIFORNIA JOINT POWERS
RISK MANAGEMENT AUTHORITY**

AGENDA BILL

Item #: 4	Title: STATUS UPDATE ON GENERAL MANAGER'S
Meeting: 07/21/2011	GOALS & OBJECTIVES
General Manager:	

Recommended Action:

None. This item is being provided for information purposes only.

Item Explanation:

The Board of Directors approved the General Manager's Goals and Objectives for 2010-2011 at the December 16, 2010 board meeting.

A number of key issues are currently in process and are being discussed in other agenda bills for this meeting. They include:

- Review of 2011 Annual Meeting
- Sale and replacement of the CJPRMA office building
- Monitoring and control of significant litigation issues
- Monitoring of Livermore Charter School process
- Implementation of Risk Console Information System
- Placement of 2011-2012 Commercial Insurance Programs
- Resolution of Major Claims Files

The Executive Committee will continue their ongoing evaluation of the general manager and continue to review the progress on the goals and objectives.

The general manager will be available to discuss the status of the goals & objectives.

Fiscal Impact:

None.

Exhibits:

- 1) General Manager's Goals & Objectives for 2010-2011



GENERAL MANAGER GOALS & OBJECTIVES FOR 2010-2011

GOALS	OUTCOMES	COMMITTEE ASSIGNMENT	Tasks Completed
<ul style="list-style-type: none"> Maintain financial strength and solvency. <p style="text-align: center;">15%</p>	<p>The general manager will monitor the development of programs and services for the organization that maintain the invested assets of CJPRMA, maintain or reduce the current costs to members and provide enhanced excess/reinsurance coverage to member exposures. Will make recommendation to the Board of Directors as needed.</p>	<p>Coverage and Claims Committee will review coverage options and provide input to the General Manager.</p>	<p>General Manager has met with both AON and Munich America regarding the 2011-2012 renewal. Staff met with AON and Munich America to discuss current program and steps to renewal for 2012. A set of underwriting criteria questions has been developed and sent to the membership for renewal. Renewal information is due back to CJPRMA March 11, 2011.</p> <p>Property and Casualty Underwriters have started 2012 renewal process. CJPRMA is providing information for renewal. AON will discuss the process at the March 2011 Board of Directors Meeting.</p> <p>Property appraisers have examined sites in Livermore, Redding and Stockton. An issue arose in the City of Redding with the appraiser. AON was advised and promptly contacted the carrier to express displeasure. The evaluation of parcels has been placed on hold. AON was very responsive to a very offensive issue.</p> <p>General Manager and AON are working on the final renewal process. Board Members are in the process of revaluing APD Programs in light of the transition to the new carrier with the provision of "Replacement Cost Value". The City of Roseville submitted data and chose not to cover their APD exposures this year.</p> <p>2011-2012 Insurance programs placed. Significant savings over 10/11 premiums. Expansion of coverage on APD</p>

			program. Final payroll submissions resulted in additional \$100,000 reduction in costs. Premiums billed for GL/APD/Property/Boiler & Machinery.
<ul style="list-style-type: none"> Promote effective board meetings and manage relationships with the Board of Directors. <p>15%</p>	<p>Initiate agenda items and present policy recommendations at board and committee meetings; organize and manage committees and board meetings. Fulfill Agency's records management obligations, including the proper retention and destruction of documents. Provide enhanced agendas that include a comprehensive evaluation of the issues and a recommendation from the general manager.</p>		<p>Executive Committee approved the Employee Personnel Policies and Handbook.</p> <p>General Manager provides agendas with detailed description of the issue presented and provide a recommendation to the Board of Directors. The agenda package has been modified to include page numbers and enhanced information. General Manager is working with Gail Mancarti to enhance policies presented to Executive Committee for approval at the November Meeting.</p> <p>Craig Schweikhard and General Manager met with the City of San Mateo regarding potential membership. General Manager worked on numerous issues multiple Board Members and their staff.</p> <p>General Manager attended a City of Sunnyvale City Council Meeting regarding litigation.</p> <p>General Manager is working with numerous Board Members on a daily basis regarding risk management issues, contractual risk transfer and other exposure related issues. Strategic plan to be reviewed by Executive Committee and Board of Directors in October. Refinement of standing committees to promote CJPRMA effectiveness.</p>

<ul style="list-style-type: none"> Process a smooth and seamless transition for the CJPRMA broker of record. <p>5%</p>	<p>Coordinate all aspects of the transition to the newly selected broker, execute a new agreement, develop insurance marketing standards, develop a transition plan, create a contact list for members with team responsibilities and develop a report card tool to evaluate the effectiveness of the new broker.</p>		<p>Numerous meetings with Craig Bowlus, Billy Deeb and other parties. Execution of documents including the Broker of Record letters and Contract with AON. Meeting scheduled with Broker and Munich Re for transition plan and 2011-2012 renewal.</p> <p>Continue to develop the relationship with AON. AON has been named the new broker for City of Livermore. We are receiving very little support from our previous broker Marsh during the transition.</p> <p>The AON Transition is completed. AON has completed their first renewal for the CJPRMA programs with significant reductions in the Property and GL Programs. GM worked with AON to further enhanced discounts in the current programs. A new APD Carrier has been identified at a lower rate and enhanced coverage. The Board of Directors approved the transition to the new carrier at the annual meeting.</p> <p>Ongoing meetings with AON for the purpose of final placement of 11/12 coverage programs. First meeting regarding the collection of data for the 12/13 renewal. Started evaluation process of new broker. The collection of exposure data will begin in early fall with completion date of Jan. 1, 2012. 9 CJPRMA members have scheduled meetings with new broker considering transition of stand-alone programs.</p>
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<ul style="list-style-type: none"> Manage the staff and operations of CJPRMA. <p>10%</p>	<p>Manage all aspects of the CJPRMA office. Work with staff to ensure that all goals of staff are developed to meet the goals and objectives of the organization. Manage and develop employees and ensure that customer service to members is always their number one priority. Develop staff skills and services to ensure activities are directed at achieving the mission of CJPRMA.</p>		<p>Reorganized the responsibilities of the Office Assistant and Executive Assistant. Orient the new Claims Administrator and work with him in development of litigation policies and practices.</p> <p>The Claims Administrator is working with Craig Bowlus, Claims Auditor and participating in audit closure meetings.</p> <p>Claims Administrator continues to work with Craig Bowlus to finalize the annual claims audit. Lola Deem attended an YCPARMIA Board Meeting and is assisting their financial person with their investment reconciliation.</p> <p>General Manager is working with all staff members to determine goals and objectives and to identify key areas to maximize service delivery to CJPRMA Members.</p>
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<ul style="list-style-type: none"> Establish training programs for board members, staff and member entities. <p style="text-align: center;">10%</p>	<p>Work with Education and Training Committee and Risk Management Committee to determine outcomes for board member proficiency. While utilizing outcomes developed by standing committees, identify key risk management factors to enhance the function of board members, their staff and their agency overall approach to risk management.</p>	<p>Education & Training Committee</p>	<p>How to Read an Actuarial Report presented to the Board of Directors at the December Meeting.</p> <p>Trainings conducted by General Manager include two sessions of Risk Management for Supervisors two contractual risk transfer programs presented to City of Lodi.</p> <p>Four sessions will be conducted by Bob Marshburn on Contract Management in the months of May and June.</p> <p>Staff is preparing four training sessions/presentations for the annual meeting. The will address Police Liability, Social Networking, and managing/evaluation of EPL Claims.</p> <p>Claims Administrator and General Manager worked with outside counsel to develop law enforcement directed training program on mutual aid agreements. The presentation was delivered to the REMIF Annual Police Symposium. Staff plans on scheduling this presentation for CJPRMA Members.</p> <p>The General Manager will be conducting two training session for Lodi and Stockton on the basics of risk transfer. The session is approximately 1.5 hours and provides a basic understanding of contracts and insurance.</p> <p>Bob Marshburn presented Contractual Risk Transfer seminars in Redding and Roseville. The General Manager attended and assisted the trainer for the programs. General Manager is working with Marshburn to develop enhanced Contractual Risk Transfer policy and protocol for CJPRMA Members. CJPRMA is scheduling a condensed ARM 54 Class to be held at the CJPRMA office in August. David Blaeksley former director of</p>
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			<p>the IEA will be the instructor.</p> <p>Final schedule of ARM 54 program for August 2011. Evaluation of 2011 Annual Meeting to be conducted at Executive Committee. Evaluate alternative locations for the 2012 Annual Meeting.</p>
<ul style="list-style-type: none"> • Create standards for member risk management programs. <p>5%</p>	<p>The general manager will work with the Risk Management Committee to develop a set of CJPRMA audit standards to be used to evaluate existing members and agencies making application to the organization. In addition, a set of best practices will be developed as a guide to members and their organizations in their risk management efforts.</p>	<p>Risk Management/Education & Training Committee.</p>	<p>To be discussed at next meeting.</p> <p>Schedule review of Certificate Tracking Programs Exigis and Ebix to be conducted prior to and during PARMA Conference. Review of multiple RMIS/Pool Business RMIS solutions including Risk Console and CHSI Technologies.</p> <p>Exigis will provide a presentation at the March 17, 2011 Board of Directors Meeting. CJPRMA continues to review ESolutions and CHSI Technologies RMIS Solutions. Staff will prepare a recommendation to the Board of Directors May</p>

			<p>Meeting.</p> <p>Staff has sent the Board of Directors a survey for certificate tracking. The information will be used to obtain quotes from outside providers. General Manager and Board Counsel met with representatives from CAL TIP and discussed the Avery Case and discussed the need to develop a model contract for transportation services. CJPRMA will be working collectively with CAL TIP to create a standard model agreement.</p> <p>Work is ongoing. Will develop a model for risk transfer principles and procedures with Bob Marshburn.</p>
<ul style="list-style-type: none"> Coordinate and manage the proposed charter school development at the CJPRMA office site. <p>15%</p>	<p>Coordinate and manage the process of defending the rights of CJPRMA related to the new office building and complex. Work with the Executive Committee and outside counsel in representing the impacts to our organization.</p>		<p>Effectively negotiated a satisfactory sale price and conditions of sale. Worked with Counsel and Broker to finalize the Letter of Intent which was executed. The PSA (purchase and sale agreement) has been finalized. Final approval will be issued by Board of Directors of Charter School on January 27, 2011.</p> <p>The Purchase and Sale Agreement has been completed and the building is currently in Escrow. The TVLC anticipates the closing of the sale to occur in late March or early April.</p> <p>Site review of numerous options for replacement of CJPRMA Main Office. Staff has visited twenty-five to thirty sites for the replacement of the existing office. In addition, the General Manager has conducted an in-depth on line review of available properties.</p> <p>A recommendation for purchase of a new facility will occur at the March 17, 2011 Board Meeting.</p>

			<p>General Manager submitted offers on three properties. Currently working with broker in responding to counter offers. Charter School continues to work on funding of their bonds. An appraisal was conducted of all facilities at the Montevina Site. This was a new requirement of the bonding organization. Closing for the building is predicted to be mid May. General Manager has worked with Broker Morgenstern and Counsel Singer to prepare a contingency extension agreement to July 31, 2011. The extension will release \$15,000 from escrow to CJPRMA. TVLC is attempting to finance their mutual bonds to finance the project. A final funding decision is anticipated by early July.</p> <p>Close of escrow due July 31. Charter School in process of obtaining funding. Estimated date of closure unknown. Continue to evaluate alternative locations for CJPRMA in the event of sale.</p>
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<ul style="list-style-type: none"> Assist board members and individual member agencies by resolving questions and issues concerning agency risk management practices and procedures. <p>10%</p>	<p>Work with individual board members, alternates and agency staff regarding all aspects of risk management including but not limited to risk transfer, issuance of certificates of coverage, tracking of assets and all aspects of risk management.</p>		<p>Work with Board Members and staff on issues involving contractual risk transfer, liability exposures and other risk management related issues.</p> <p>Numerous contacts with Board Members and Staff working on contracts and other risk related issues. General Manager working with multiple vendors on evaluating a Claims System and Certificate of Insurance tracking solution.</p> <p>The purchase of the AON Risk Console system will provide members with an electronic tracking mechanism for certificates of insurance. This option will be available to all members for no additional fee. In addition, members will have the option of purchasing an annual license for claims administration.</p>
<ul style="list-style-type: none"> Keep member agencies fully informed regarding CJPRMA programs and services and updates of legislative changes. <p>5%</p>	<p>Meet with governing bodies and employee groups of member agencies. Represent Agency effectively by promoting its program and services, maintaining visibility in the community, and interfacing with members, officials and groups.</p>		<p>General Manager attended the 2011 PARMA Conference. The GM participated in a day long RM 101 Program and presented the Closing Session. Numerous contacts with vendors and potential new members were made at the conference.</p> <p>General Manager participated in the 2012 PARMA Conference planning retreat. The program for PARMA 2012 contains a number of sessions focused on current issues and a number of sessions have been created for the experienced and advanced risk personnel.</p> <p>Claims Administrator Craig Schweikhard sits on the CAJPA Legislative Committee.</p>

<ul style="list-style-type: none"> Enhance the CJPRMA claims processing and litigation management program. <p>20%</p>	<p>Develop a comprehensive litigation management program which will include site visits by the claims administrator, litigation management training of members and the implementation of enhanced RMIS capabilities.</p>		<p>Phase 1 of this process was completed with the hiring of Craig Schweikhard as the Claims Administrator. Staff working with Craig Bowlus upon closing of audits.</p> <p>Attended Gonzales-Fuentes v Hammerman Mediation, met with City of Alameda on Vanderheiden v Alameda, numerous discussions/meeting with City of Roseville in Avery v. MV Transit. Strauch v Chico.</p> <p>A number of significant claims are currently in the litigation process. The claims are being monitored by Claims Administrator Craig Schweikhard and the general manager. Craig Schweikhard and the general manager attended the opening comments by plaintiff and defendant in the Vanderheiden. Staff continues to monitor this case closely as it moves through the trial process.</p> <p>Claims Administrator participated in day long mediation in Southern California. The General Manager and Board Counsel met with attorneys to evaluate the presentations to be made to the Ninth Circuit on the Dagdagan and Eaton Matters. Staff has been actively working with multiples members on numerous claims. Staff developed a modified reporting policy for EPL Claims that will be discussed at the April Executive Committee.</p> <p>Claims Administrator has modified the watch list format and enhanced the information reported to the Board of Directors. General Manager, Claims Administrator and General Counsel are modifying the EPL Claims reporting and clarifying description of damages. General Manager participated in Chico EPL Mediation that reached a settlement.</p>
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			<p>Claims Administrator and General Manager involved in numerous meetings with members regarding coverage issues and claim exposures.</p> <p>GM and Claims administrator working with counsel on several significant claims. GM working to finalize contract with AON for Risk Console system. Claims system to be utilized in the collection of exposure data for the 2012-2013 renewal. Evaluating the process for primary claims audits for 2011 audit.</p>
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**CALIFORNIA JOINT POWERS
RISK MANAGEMENT AUTHORITY**

AGENDA BILL

Item #: 5	Title: RISK MANAGEMENT ISSUES
Meeting: 07/21/2011	
General Manager: <i>D.S.C.</i>	

Recommended Action:

None. This item is being provided for information purposes only.

Item Explanation:

This item is reserved for the discussion of risk management issues that are of concern to the members and for the provision of status updates on the risk management program.

Issues that have been requested to be listed for discussion are set forth below.

1. CJPRMA Bulletin Board (*David Clovis, CJPRMA*)
2. ARM 54 Class (*David Clovis, CJPRMA*)
3. Contractual Risk Transfer Training (*David Clovis, CJPRMA*)
4. CAJPA Legislative Committee (*Craig Schweikhard, CJPRMA*)
5. Other Items (*David Clovis, CJPRMA*)

Fiscal Impact:

None.

Exhibits:

None.

Executive Committee Action: