



**REGULAR MEETING
Board of Directors**

Sunnyvale City Hall
Sycamore Conference Room (Room 306)
456 W. Olive Avenue
Sunnyvale, CA 94086

**APRIL 11, 2024
7:00 PM**

Meeting Information:

- *Board meetings are open to the public at the location shown above.*
 - *Members of the public may use the information below to join the webinar:*
<https://us02web.zoom.us/j/83510756481?pwd=SUZUY1E1VEFWRW9VTk5jRVVWajhZQT09>
Webinar ID: 835 1075 6481
Passcode: 519682
 - *Meeting also livestreamed on YouTube: <https://www.youtube.com/@citiesassoc>*
 - *More information on public comment and accessibility is given at the end of the agenda.*
-

WELCOME & CALL TO ORDER – (Fligor)

ROLL CALL (Sirkay)

ORAL COMMUNICATIONS FROM THE PUBLIC ON NONAGENDIZED ITEMS

This portion of the meeting is reserved for persons wishing to address the Board on any matter not on the agenda. State law prohibits the Board from discussing and/or acting on nonagendized items.

AGENDA

1. Consent Agenda (Fligor)

- a. Approve Minutes from Board of Directors Meeting on March 14, 2024

2. President Update (Fligor)

3. Bay Area Housing Finance Authority (BAHFA) Update on November 2024 Affordable Housing General Obligation Bond (Fligor)

- a. Guest Speakers: Daniel Saver, Association of Bay Area Governments (ABAG)
Consuelo Hernandez, Santa Clara County Office of Supportive Housing

4. Silicon Valley Regional Interoperability Authority (SVRIA) Financial Plan (Fligor)

- a. Guest Speakers: Eric Nickel, Executive Director, SVRIA
Russ Melton, Chair, Board of Directors, SVRIA

5. Adoption of 2024-2025 Budget

- a. Presentation of Website Update: Costs and Considerations
- b. 2024-2025 Budget Presentation and Adoption

6. Joint Powers Agency Formation Update: Discussion and Possible Action (Quinn/Sirkay)

- a. Introduction of Certified Public Accountant Firm, Moss, Levy and Hartzheim
- b. Consideration of Membership in Special Districts Risk Management Authority (SDRMA) for insurance coverage.

1. Adopt A RESOLUTION OF THE BOARD OF DIRECTORS OF CITIES ASSOCIATION OF SANTA CLARA COUNTY JOINT POWERS AGENCY APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A SIXTH AMENDED JOINT POWERS AGREEMENT AND AUTHORIZING PARTICIPATION IN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY'S PROPERTY/LIABILITY PROGRAM.(Resolution 2024-1)
2. Authorize the CASC Board President to execute the Sixth Amended Joint Powers Agreement Relating to the Special District Risk Management Authority ("SDRMA").

3. Authorize the Executive Director to apply to join the California Special Districts Association (CSDA) on behalf of the Cities Association of Santa Clara County Joint Powers Agency.
7. **Legislative Action Committee Update: Discussion and Possible Action (Walia)**
8. **Reports from Regional Appointed Representatives**
 - a. Margaret Abe-Koga, Metropolitan Transportation Commission (MTC)
9. **Santa Clara County City Managers Association Update (Engeland)**
10. **Executive Director Update (Sirkay)**
11. **Joys and Challenges (All)**

ADJOURN (Fligor)

PUBLIC COMMENT

Members of the public wishing to comment on an item on the agenda may do so in the following ways:

1. Email comments to shali@citiesassociation.org
 - Emails will be forwarded to the Executive Board of Directors.
 - IMPORTANT: identify the Agenda Item number in the subject line of your email.
 - Emails must be received at least 72 hours before meeting start day/time to be entered into the record for the meeting.
2. Provide oral public comments in-person during the meeting
3. Provide oral public comments virtually during the meeting
 - When the Chair announces the item on which you wish to speak, click the “raise hand” feature in Zoom. Speakers will be notified shortly before they are called to speak.
 - When called to speak, please limit your comments to the time allotted (up to 3 minutes, at the discretion of the Chair).
 - Phone participants:
 - *6 - Toggle mute/unmute
 - *9 - Raise hand

ACCESSIBILITY

We strive for our meetings and materials to be accessible to all members of the public, and welcome feedback and requests for accommodations. Please submit requests for accommodations to shali@citiesassociation.org at least 72 hours in advance of the meeting to allow us to best meet your request.



**REGULAR MEETING
Board of Directors**

Los Altos Community Center
Sequoia Room
97 Hillview Avenue
Los Altos, CA 94022

**MARCH 14, 2024
7:00 PM**

AGENDA IN BLACK/MINUTES IN RED

Meeting Information:

- Board meetings are open to the public at the location shown above.
- Members of the public may join the Zoom webinar as follows:
Webinar ID: 835 1075 6481
Passcode: 519682
- Meeting also livestreamed on YouTube: <https://www.youtube.com/@citiesassoc>
- More information on public comment and accessibility is given at the end of the agenda.

WELCOME AND ROLL CALL – (Fligor)
Meeting called to order at 7:04 PM

ROLL CALL (Sirkay)

Board Members Present (13):

Cupertino	J.R. Fruen
Los Altos	Neysa Fligor
Los Altos Hills	Stanley Mok
Los Gatos	Matthew Hudes
Milpitas	Carmen Montano
Monte Sereno	Javed Ellahie
Morgan Hill	Mark Turner
Mountain View	Pat Showalter
Palo Alto	Lydia Kou
San Jose	Rosemary Kamei
Santa Clara	Kathy Watanabe
Saratoga	Tina Walia
Sunnyvale	Larry Klein

Board Members Absent: 1

Campbell	Anne Bybee
----------	------------

Staff Present (1):

Shali Sirkay	Executive Director
--------------	--------------------

Members of the Public Present (8):

Gabe Engeland	City Manager, Los Altos
Kitty Moore	Councilmember, Cupertino
Rob Moore	Councilmember, Los Gatos
Harry Neil	
Jannie Quinn	Renne Public Law Group
John Recchio	Chief Appraiser, SCC Assessor's Office
Larry Stone	SCC Assessor
Autumn Young	Deputy County Assessor

ORAL COMMUNICATIONS FROM THE PUBLIC ON NONAGENDIZED ITEMS

This portion of the meeting is reserved for persons wishing to address the Board on any matter not on the agenda. State law prohibits the Board from discussing and/or acting on nonagendized items.

AGENDA

1. Consent Agenda (Fligor)

- a. Approve Minutes from Board of Directors Meeting held on February 8, 2024
- b. Approve January 2024 Financial Report (if available)
- c. Approve February 2024 Financial Report (if available)

Motion to *approve Consent Agenda by Montano*

Second by Kamei

AYES: 13

NAYS: 0

ABSTENTIONS: 0

ABSENT: 1

Motion passes 13-0-0-1

2. Taxation of a Possessory Interest (Fligor)

- a. Guest Speaker: Hon. Larry Stone, County Assessor

3. Review Draft 2024-2025 Budget: Discussion and Possible Action (Sirkay)

Motion to explore adding revision of website as a line item in the 2024-2025 budget and staff to obtain cost estimate by Abe-Koga

Second by Klein

AYES: 13

NAYS: 0

ABSTENTIONS: 0

ABSENT: 1

Motion passes 13-0-0-1

4. Joint Powers Agency Formation Update: Discussion and Possible Action (All)

a. Certified Public Accountant

Motion to authorize Board President to execute an agreement with Moss, Levy and Hartzheim LLP to perform annual audits for FY23-24 and FY 24-25 in an amount not to exceed \$12,000, in a form substantially similar to the agreement as presented and subject to the approval of the General Counsel regarding any modifications of the agreement by Klein

Second by Kamei

AYES: 13

NAYS: 0

ABSTENTIONS: 0

ABSENT: 1

Motion passes 13-0-0-1

b. Insurance

Motion to authorize the Executive Director to initiate the process of obtaining a formal insurance quote from Special District Risk Management Authority such that the amount does not to exceed \$8,000 total per year for insurance and membership in California Special Districts Association by Turner

Second by Mok

AYES: 13

NAYS: 0

ABSTENTIONS: 0

ABSENT: 1

Motion passes 13-0-0-1

5. Legislative Action Committee Update (Walia)
6. Reports from Regional Appointed Representatives
 - a. Margaret Abe-Koga, Metropolitan Transportation Commission (MTC)
 - b. Russ Melton, Local Agency Formation Commission (LAFCO)
7. Santa Clara County City Managers Association Update (Engeland)
8. Executive Director Update (Sirkay)
9. Joys and Challenges (All)

ADJOURN (Fligor)

Meeting adjourned at 9:35 PM.

Respectfully submitted on April 11, 2024,

Vaishali Sirkay

Vaishali Sirkay
Executive Director
Cities Association of Santa Clara County

PUBLIC COMMENT

Members of the public wishing to comment on an item on the agenda may do so in the following ways:

1. Email comments to shali@citiesassociation.org
 - Emails will be forwarded to the Board of Directors.
 - IMPORTANT: identify the Agenda Item number in the subject line of your email.
 - Emails must be received at least 72 hours before meeting start day/time to be entered into the record for the meeting.
2. Provide oral public comments in-person during the meeting
3. Provide oral public comments virtually during the meeting
 - When the Chair announces the item on which you wish to speak, click the “raise hand” feature in Zoom. Speakers will be notified shortly before they are called to speak.
 - When called to speak, please limit your comments to the time allotted (up to 3 minutes, at the discretion of the Chair).
 - Phone participants:
 - *6 - Toggle mute/unmute
 - *9 - Raise hand

ACCESSIBILITY

We strive for our meetings and materials to be accessible to all members of the public, and welcome feedback and requests for accommodations. Please submit requests for accommodations to shali@citiesassociation.org at least 72 hours in advance of the meeting to allow us to best meet your request.

Daniel Saver Bio

Daniel Saver is the Assistant Director for Housing and Local Planning at the Metropolitan Transportation Commission (MTC) and Association of Bay Area Governments (ABAG), where he has overseen the expansion of the agencies' housing-related efforts. This has included planning, technical assistance, and policy development activities across the "3 Ps" of housing (Protection, Preservation, and Production). In this role, Daniel has helped to launch the Bay Area Housing Finance Authority (BAHFA) as well as the award-winning Regional Housing Technical Assistance Program – which has supported all 109 Bay Area jurisdictions to develop and implement their Housing Elements. Prior to joining MTC, Daniel was a housing attorney at Community Legal Services in East Palo Alto, and before that he served as a judicial clerk on the United States Court of Appeals for the Ninth Circuit. Daniel holds a JD from Harvard Law School and a BA from UC Berkeley.

Consuelo Hernandez Bio

Title: Director, Office of Supportive Housing, County of Santa Clara

As the Director of the Office of Supportive Housing, Consuelo Hernandez's team works to support the County's mission of promoting a healthy, safe, and prosperous community by ending and preventing homelessness. In her role, Consuelo has overseen the implementation and administration of the County's \$950M Affordable Housing Bond and other housing development programs, coordinated the countywide network of supportive housing programs, and directed the lead agency for the local Continuum of Care. As a result of this work, since 2015, the County and its partners have helped nearly 25,000 homeless adults, families, and children move into permanent housing and have expanded the number of new supportive housing units by approximately 3,000.

Born and raised in southern California, Consuelo earned a Bachelor's Degree in Art History and Chicano Studies from UC Santa Barbara, a Master of Arts in Urban Planning with a concentration in Economic Development from the University of Southern California, and a Master of Arts in Public Administration with a concentration in Local Government Finance from the University of Southern California. Prior to joining the County in 2015, Consuelo served in various planning and development capacities in the City of Palo Alto and in Los Angeles County cities. Consuelo is a certified planner and a member of the American Institute of Certified Planners (AICP). In 2019, Consuelo received an Impact Award from SPUR for her efforts to advance deeply affordable housing development throughout Santa Clara County. On a personal note, Consuelo grew up in South East Los Angeles with her parents and five siblings. While at UC Santa Barbara, Consuelo developed a passion for social justice and found a platform for change working in housing and community development.



BUILDING HOMES, CHANGING LIVES

2016 Affordable Housing Bond Progress

In November of 2016, Santa Clara County voters approved a \$950 million Affordable Housing Bond. It is projected that the Housing Bond will fund 120 new affordable housing developments over ten years, including 4,800 new units dedicated to Extremely Low-Income and Very Low-Income households. In addition, the County will establish rental and ownership opportunities for Moderate Income households.



Villas at 4th St., photo courtesy of Argast Photography

YEAR 7 IMPLEMENTATION

\$696,635,399

IN MULTI-FAMILY HOUSING DEVELOPMENT APPROVED

10 CITIES

5,127 NEW APARTMENTS

689 UNITS RENOVATED

56 HOUSING DEVELOPMENTS

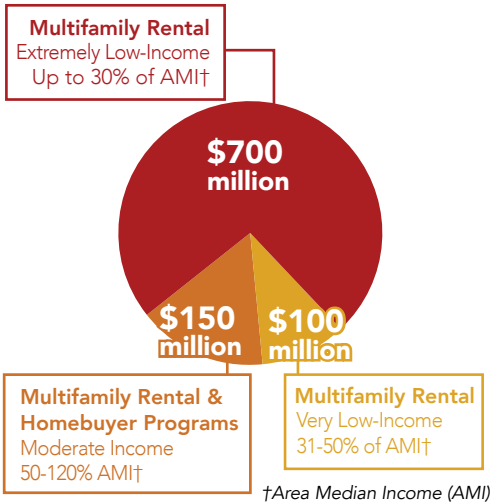
\$25 MILLION

FIRST-TIME HOMEBUYER PROGRAM

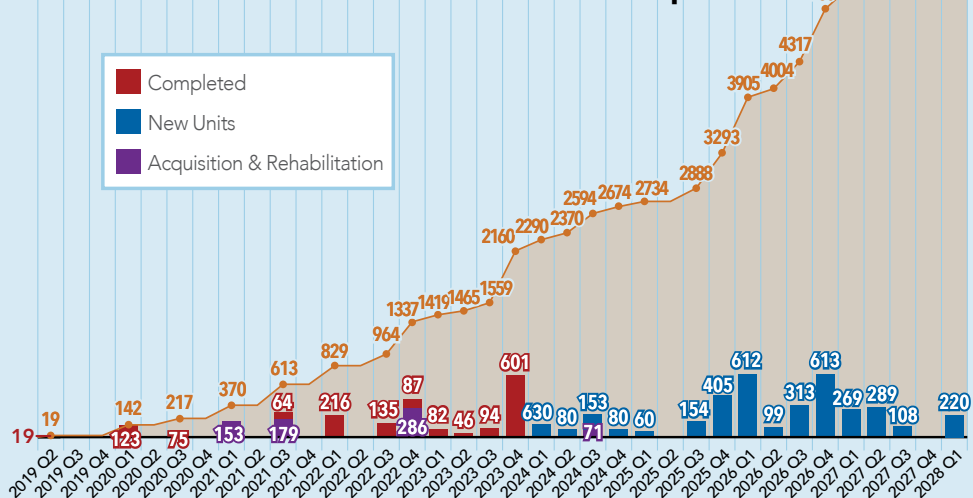
*As of Dec. 5, 2023. The implementation update does not include County acquisitions.

The Housing Bond provides the means for the County to give our community's poorest and most vulnerable residents a fresh start. Many of our veterans, teachers, nurses, single parents, senior citizens, the disabled, foster youth, victims of abuse, chronically homeless, and individuals suffering from mental health or substance abuse illnesses are in need of innovative and effective housing solutions.

Funding Allocations for Voter Approved 2016 Measure A Housing Bond Total of \$950 million



When Will These Homes Open?‡



Details of the developments that make up this timeline can be found on the next page.

THE SOLUTION TO HOMELESSNESS IS MORE AFFORDABLE HOUSING

The County's Office of Supportive Housing is leading efforts to increase the supply of housing by funding and spurring the development of housing for low-income households with a prioritization for the poorest and most vulnerable residents who are disproportionately impacted by the lack of affordable housing.

HOUSING DEVELOPMENTS	CITY	PROJECTED OCCUPANCY DATE*	SUPERVISORIAL DISTRICT	TOTAL # UNITS	SUPPORTIVE HOUSING	COUNTY DEVELOPMENT FUNDING
NEW UNITS						
2019	The Veranda	Cupertino	June 2019	5	19	\$1,000,000
	Crossings on Monterey	Morgan Hill	Jan 2020	1	39	\$5,800,000
	Villas on the Park	San Jose	Mar 2020	2	84	\$7,200,000
	Monterey Gateway Senior Apts.	Gilroy	Jul 2020	1	75	\$7,500,000
	Leigh Avenue Senior Apts.	San Jose	Jul 2021	4	64	\$13,500,000
	Quetzal Gardens	San Jose	Feb 2022	2	71	\$9,830,000
	Calabazas Apts.	Santa Clara	Mar 2022	4	145	\$29,000,000
	Iamesi Village	San Jose	Sep 2022	2	135	\$10,327,100
	Vela Apartments	San Jose	Nov 2022	2	87	\$15,650,000
	Page Street Apts.	San Jose	Feb 2023	4	82	\$14,000,000
2020	Mesa Terrace	San Jose	Apr 2023	1	46	\$2,600,000
	Villas at 4th St.	San Jose	Aug 2023	2	94	\$7,500,000
	Vitalia	San Jose	Oct 2023	4	79	\$15,800,000
	Immanuel-Sobrato Community	San Jose	Nov 2023	4	108	\$16,654,646
	Blossom Hill Senior Apts.	San Jose	Nov 2023	1	147	\$19,100,000
	Sango Court Apts.	Milpitas	Nov 2023	3	102	\$16,000,000
	Agrihood Senior Apts.	Santa Clara	Dec 2023	4	165	\$23,550,000
	Auzerais	San Jose	Feb 2024	2	130	\$13,200,000
	Kifer Senior Apts.	Santa Clara	Apr 2024	4	80	\$7,400,000
	Royal Oak Village	Morgan Hill	Jul 2024	1	73	\$8,363,000
2021	Mariposa Place	San Jose	Aug 2024	4	80	\$9,300,000
	Roosevelt Park Apts.	San Jose	Nov 2024	2	80	\$14,400,000
	Alum Rock Multifamily (West)	San Jose	Mar 2025	2	60	\$11,600,000
	Sunol-West San Carlos Apts.	San Jose	Aug 2025	4	154	\$29,720,215
	The Charles	San Jose	Oct 2025	2	99	\$12,480,000
	Alvarado Park	San Jose	Oct 2025	4	90	\$6,400,000
	Bellarmino Place Apts.	San Jose	Nov 2025	4	116	\$5,750,000
	La Avenida Apts.	Mountain View	Nov 2025	5	100	\$19,000,000
	The Hub at Parkmoor	San Jose	Jan 2026	4	81	\$18,000,000
	Tamien Station TOD	San Jose	Jan 2026	2	135	\$25,000,000
2022	Kooser Apartments	San Jose	Feb 2026	1	191	-
	Lot 12	Mountain View	Mar 2026	5	120	\$9,750,000
	Montecito	Mountain View	Mar 2026	5	85	\$18,000,000
	797 S. Almaden	San Jose	May 2026	2	99	\$1,000,000
	Distel Circle	Los Altos	Jul 2026	5	90	\$8,726,082
	Hawthorn Senior Apts.	San Jose	Aug 2026	2	103	\$15,550,000
	Clara Gardens	Santa Clara	Sep 2026	4	120	\$14,040,000
	Civic Center Multifamily	Santa Clara	Oct 2026	4	108	\$12,100,000
	Santa Teresa Multifamily	San Jose	Oct 2026	1	49	\$4,000,000
	96 El Camino Real Family Apartments	Mountain View	Oct 2026	5	79	\$4,600,000
2023	Algarve Apartments	San Jose	Nov 2026	2	91	\$11,500,000
	The Magnolias	Morgan Hill	Dec 2026	1	66	\$13,200,000
	Gateway Tower	San Jose	Dec 2026	2	220	\$53,000,000
	Sonora Court	Sunnyvale	Jan 2027	3	176	\$2,200,000
	Orchard Gardens	Sunnyvale	Apr 2026	3	93	\$13,850,000
	525 N Capitol	San Jose	May 2027	3	160	\$4,000,000
	El Camino Real Multifamily Project	Palo Alto	Jun 2027	5	129	\$13,000,000
	1020 Terra Bella	Mountain View	Aug 2027	5	108	\$10,500,000
	Mil on Main	Milpitas	Jan 2028	3	220	\$19,300,000
	NEW UNITS TOTAL:				5,127	2,073
RENOVATED UNITS						
2023-2021	Markham Plaza I	San Jose	Mar 2021	2	153	\$7,000,000
	Curtner Studios	San Jose	Sep 2021	2	179	\$14,950,000
	Hillview Court	Milpitas	Nov 2022	3	134	\$30,177,689
	Markham Plaza II	San Jose	Nov 2022	2	152	\$7,200,000
	Casa de Novo	San Jose	Nov 2022	4	0	\$4,366,667
	Pavilion Inn	San Jose	Jul 2024	2	22	\$1,000,000
	The Crestview	Mountain View	Aug 2024	5	49	\$8,000,000
RENOVATED UNITS TOTAL:				689	384	\$72,694,356
TOTAL UNITS:				5,816	2,457	\$696,635,399

To see a map of supportive housing developments in Santa Clara County, please visit www.supportivehousingcc.org/map.

*As of Dec 5, 2023. Apartment openings are based on projected construction timelines, which are subject to change.

2016 Measure A Production Goals & Progress

Housing Goal	1,800	1,600	800	600	Total
Approved Units	1,812	645	972	1320	4,749***
	PSH** to Assist Homeless Persons with Disabling Conditions & their Families	RRH** to Assist Homeless Working Families & Individuals Regain Permanent Housing	Housing Affordable to ELI** Individuals & Families	Housing Affordable to VLI** Individuals & Families	

**PSH (Permanent Supportive Housing), RRH (Regain Housing), ELI (Extremely Low-Income), VLI (Very Low-Income)

***1,067 additional units of affordable housing and apartments for building managers brings the total to 5,816 apartments approved in the last seven years.



Agenda Item No: _____5a_____

Meeting Date: April 11, 2024

Cities Association of Santa Clara County Agenda Report

To: BOARD OF DIRECTORS

Prepared by: Shali Sirkay, Executive Director

TOPIC: Cities Association of Santa Clara County (CASCC) Website
SUBJECT: Website Update: Costs and Considerations

RECOMMENDATION:

1. The Executive Committee recommends hiring a website consultant and forming an ad hoc subcommittee of the Board to work with the Executive Director on redesigning the CASCC website
2. Authorize the Executive Director to initiate process of finding a website consultant

BACKGROUND:

At its March 14, 2024 Board of Directors meeting, during the discussion of the CASCC proposed FY25 operating budget, the Board directed staff to *explore adding revision of website as a line item in the 2024-2025 budget and staff to obtain a cost estimate.*

WEBSITE REVISION RESEARCH:

The Board of Directors has expressed some interest in revising the CASCC website. This would be a very appropriate time to begin these conversations because CASCC only recently became a JPA (February 1, 2024). In order to better understand what this process entails, staff reached out to website designers as well as to ProudCity, the website provider for local governments that provides website hosting services for CASCC. There is understandably a wide range in cost, roughly \$2000 to \$10,000, based on what CASCC wants to do on its website. ProudCity advised that CASCC start by focusing on what its goals are for its website and not on the solutions it seeks; in other words, *what does CASCC want to accomplish with its website?* rather than identifying elements it wants on its website. Neither the Board nor the Executive Committee has had a chance to consider this question, which would form the scope of this project and the solutions and options that would follow.

At its March 22, 2024 meeting, the Executive Committee voted to recommend that the Board form an ad hoc subcommittee to work with a hired consultant and the Executive Director on this project.

FISCAL IMPACT:

Staff added a website revision line item to the budget in the amount of \$7,500. This would include all costs related to the website revision- the consultant fees, any software or other tools that are necessary, and any other purchases/licenses that CASCC would need to make.

OPTIONS:

The Board of Directors may consider the following options:

1. Form an ad hoc subcommittee to work with the Executive Director and a website consultant to work on the website revision and direct staff to begin process of identifying potential website consultants.
2. Decide not to pursue a website revision at this time.



Agenda Item No: 5b

Meeting Date: **April 11, 2024**

Cities Association of Santa Clara County Agenda Report

To: BOARD OF DIRECTORS

Prepared by: Shali Sirkay, Executive Director

TOPIC: Proposed 2024-25 Cities Association of Santa Clara County (CASCC Budget) (FY25)
SUBJECT: Adoption of Cities Association of Santa Clara County General Fund Budget

RECOMMENDATION:

Staff recommends that the Board of Directors consider adopting the proposed budget

BACKGROUND:

As per the joint powers agreement, the CASCC board must approve a final budget by April 30th of each year. The City Managers were provided the proposed FY25 operating budget at the February 14, 2024 meeting of the Santa Clara County City Managers Association meeting for their review. The Board was provided the proposed FY25 operating budget at its March 14, 2024 Board of Directors meeting for its review and consideration. Any comments on the budget were to be sent to the Executive Director in advance of the April 11, 2024 Board of Directors meeting.

The budget staff report from the March 14, 2024 Board of Directors meeting has been included as an attachment for background information.

COMMENTS RECEIVED:

At the March 14, 2024 Board meeting, the Board requested a line item for the reserves to be included in the proposed budget. This item is included in the attached budget as the in-year surplus (revenue minus expenses). The Board also requested that staff add a line item for the website revision in the proposed budget.

To date, staff has not received any other comments on the budget.

UPDATES TO BUDGET:

Staff has received a formal insurance quote from Special District Risk Management Authority (SDRMA), the agency from which CASCC will obtain insurance. That cost is \$3,473.75 for the current fiscal year (July 1, 2023 to June 30, 2024) (rounded up to \$3,474).

A line item for website revision has also been added at the Board's request from its March 14, 2024 meeting. The website revision has been included as a separate staff report.

FISCAL IMPACT:

The proposed budget would allow CASCC to undertake the website revision project and add to its reserves.

OPTIONS:

The Board of Directors has the following options to consider on this matter:

1. Adopt the proposed FY25 budget 2024-2025 CASCC Budget (covering the period from July 1, 2024 to June 30, 2025).
2. Direct staff to prepare a revised FY25 and adopt the revised budget before April 30, 2024.

ATTACHMENTS:

1. Proposed 2024-2025 CASCC Budget
2. Budget Staff Report from March 14, 2024 Board of Directors meeting

**Cities Association of Santa Clara County Proposed Operating Budget FY25
July 1, 2024 to June 30, 2025**

REVENUE

Membership Dues	\$266,794
Summer Member Event Ticket Sales	\$3000
Holiday Party Ticket Sales	\$3000
TOTAL REVENUE	\$272,794

EXPENSES

Professional Services	\$204,000
Executive Director	\$120,000
Clerk & IT Support	\$6000
Bookkeeper	\$4800
Legal Counsel	\$61,200
Certified Public Accountant	\$12,000
Website Redesign	\$7,500
Consultan and Other Related Tools and Services	\$7,500
OFFICE	\$5,090
Insurance Package	\$3474
US Bank Fees	\$36
Verizon (Google Voice Phone)	\$364
P.O. Box	\$216
Miscellaneous	\$500
Conferences & Education for Exec Dir	\$500
MEMBERSHIPS	\$1,218
California Special Districts Association	\$1281
HOSPITALITY & SPECIAL EVENTS	\$7,800
Refreshments BOD Monthly Meetings	\$1800
Summer Member Event	\$3000
Holiday Party	\$3000
TECHNOLOGY & SOFTWARE	\$3,232
Adobe (PDF Tools)	\$306
Canva (Graphics and templates)	\$117
Intuit (Quickbooks Online)	\$945
Microsoft	\$242
Proud City- CASC Website Hosting Fee	\$600
Zoom	\$1022
TOTAL EXPENSES	\$228,840

IN-YEAR SURPLUS (revenue minus expenses)

TOTAL IN-YEAR SURPLUS	\$43,954
------------------------------	-----------------



Agenda Item No: 3
 Meeting Date: March 14, 2024

Cities Association of Santa Clara County Agenda Report

To: BOARD OF DIRECTORS

Prepared by: Shali Sirkay, Executive Director

TOPIC: **Proposed 2024-25 CASCC Budget (FY25)**
SUBJECT: **Consideration of Cities Association of Santa Clara County General Fund Budget**

RECOMMENDATION:

Staff recommends that the Board of Directors review the proposed budget and offer staff direction as needed.

BACKGROUND:

As per its bylaws, the CASCC board must approve a final budget by April 15th of each year. The Board is being provided the proposed FY25 operating budget on March 14, 2024 for its review and consideration. Any comments or other input may be sent to the Executive Director. The budget may be revised pending Board input. The Board may consider approving the (revised) proposed budget at their April 11, 2024 Board of Directors meeting.

EXPLANATION OF CALCULATIONS:

The attached budget proposal was prepared as follows:

Revenue:

1. FY25 membership dues will not increase in FY25, and will be the same as they were in FY23 and FY24.

City	Dues		City	Dues
Campbell	\$ 11,215.00		Morgan Hill	\$ 11,693.00
Cupertino	\$ 15,785.00		Mountain View	\$ 21,415.00
Gilroy	\$ 14,609.00		Palo Alto	\$ 18,314.00
Los Altos	\$ 8,698.00		San Jose	\$ 55,231.00
Los Altos Hills	\$ 6,523.00		Santa Clara	\$ 34,044.00
Los Gatos	\$ 8,698.00		Saratoga	\$ 8,698.00
Milpitas	\$ 19,665.00		Sunnyvale	\$ 40,292.00
Monte Sereno	\$ 6,523.00			

2. The total membership dues figure reflects the current membership of 14 member agencies. Should the City of Gilroy choose to re-activate its membership in the CASCC, their dues will also remain flat at \$14,609.

3. Since the Association of Bay Area Governments (ABAG) Regional Early Action Planning (REAP) Grant funds have not been released, this figure is not included in the budget.

Expenses:

Professional Services:

1. Executive Director is paid \$100/hour for an average of 100 hours per month, for 12 months
2. Clerk & IT Support will be paid \$25/hour for an average of 20 hours per month, for 12 months. This position has not yet been filled but is anticipated to be filled within the first quarter of FY25 (July-Sept 2024).
3. Bookkeeper is paid an average of \$400/month, for 12 months
4. Legal Counsel is paid \$ \$340/hour, as per the agreement with Renne Public Law Group. Staff anticipates legal services for approximately 15 hours/month for 12 months.
5. The allocation for the Certified Public Accountant (CPA) is the “not to exceed” amount approved by the Board of Directors at the February 8, 2024 Board of Directors meeting for a contract between CASCC and a CPA firm.

Office:

1. The insurance line item was updated to reflect the cost estimate staff received from Special District Risk Management Authority (SDRMA).
2. Staff has removed the line item for Peninsula Storage Center because we no longer need a storage unit.
3. Staff has removed the line item for the payroll service Gusto from the budget because CASCC no longer has employees. All professional services are provided by contractors.
4. The line item for the Santa Clara/Santa Cruz Counties Airport/Community Roundtable has been removed since this forum has been terminated.
5. A line item for miscellaneous expenses has been added to cover the cost of general office supplies, stamps, etc.
6. The line item “Conferences & Education for Exec Dir” was added to cover the cost of any additional training the Executive Director may need in the performance of her duties and responsibilities.

Memberships:

A new category was added to cover CASCC’s membership in the California Special Districts Association (CSDA). One requirement of obtaining insurance with SDRMA is that the entity must be a member of CSDA. The figure in the line item is the actual cost of this membership, as per CSDA guidelines.

Hospitality and Special Events:

- Refreshments are calculated for monthly Board of Directors meetings- \$200 per meeting for 9 meetings (no board meetings in June (Annual Membership Event/Dinner), July, and December (Annual Holiday Party))
- Both the Summer Membership Event and the Annual Holiday Party are planned as “break even” events and are not considered revenue generators for CASCC. Staff is anticipating that as a JPA, CASCC may be able to get sponsorships and donations to cover some of the costs of these two events.

Technology and Software:

All of the amounts in this section are copied over from FY24. Staff has not received notice that any of these fees will increase in FY25.

FISCAL IMPACT:

Staff can confirm that CASCC will have enough money to operate for another year if the membership dues remain the same as in FY24, and thus, there should be minimal fiscal impact on the CASCC budget.

ATTACHMENT:

1. Proposed 2024-25 CASCC Budget



Agenda Item No: 6c

Meeting Date: **April 11, 2024**

Cities Association of Santa Clara County Agenda Report

To: BOARD OF DIRECTORS

Prepared by: Shali Sirkay, Executive Director

TOPIC: Insurance Coverage for Cities Association of Santa Clara County Joint Powers Agency (CASCC)
SUBJECT: Consideration of Membership in Special District Risk Management Authority (SDRMA) for insurance coverage.

RECOMMENDATIONS:

1. Adopt A RESOLUTION OF THE BOARD OF DIRECTORS OF CITIES ASSOCIATION OF SANTA CLARA COUNTY JOINT POWERS AGENCY APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A SIXTH AMENDED JOINT POWERS AGREEMENT AND AUTHORIZING PARTICIPATION IN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY'S PROPERTY/LIABILITY PROGRAM.
2. Authorize the CASCC Board President to execute the Sixth Amended Joint Powers Agreement Relating to the Special District Risk Management Authority ("SDRMA").
3. Authorize the Executive Director to apply to join the California Special Districts Association (CSDA) on behalf of the Cities Association of Santa Clara County Joint Powers Agency.

BACKGROUND:

The CASCC officially became a Joint Powers Authority (JPA) on February 1, 2024, and is thus governed by the Joint Exercise of Powers Act (Cal. Gov. Code § 6500, et seq.). Over the past few months, staff had been investigating available coverage, cost and eligibility requirements from several agencies and insurance brokers. Staff presented this research to the Board of Directors at their March 14, 2024 meeting and made a recommendation to obtain a formal quote from SDRMA for liability coverage. The Board authorized staff to obtain a formal quote from SDRMA in an amount not to exceed \$8,000 per year, which also includes membership in the California Special Districts Association (CSDA), a requirement for obtaining insurance from SDRMA. The Board also provided staff with several follow up questions regarding SDRMA's property and liability insurance program.

RESPONSES TO BOARD QUESTIONS

Staff and legal counsel spoke with Wendy Tucker, SDRMA Member Services Manager, to understand the coverage being offered and answer the Board's questions.

1. Is the insurance coverage a package or can you select the insurance coverages and reduce the premium? For example, the JPA does not have employees, so is it possible to drop that coverage?

SDRMA's offering is a package policy; you must obtain the entire package. This is the lowest available coverage SDRMA is already offering the minimum cost for insurance and therefore costs cannot get lower than this.

2. Can we increase our deductible (and reduce the premium)?

This would require underwriting approval. Generally, the deductible would need to be in excess of \$250k to make an impact on the cost.

3. Who can access the services/conferences, etc. offered by SDRMA and California Special Districts Association? Is it restricted to the board or can any city employee/official attend since all of the cities are members of the JPA.

Only the governing body members who are representing the CASCC JPA can access the services, conferences and resources that SDRMA offers. Officials and officers of the CASCC JPA count as members of the governing body. For CASCC, this includes all Board members, Executive Committee members, Legislative Action Committee (LAC) members, legal counsel and the Executive Director when acting on behalf of the CASCC JPA. It does not include employees of the member agencies (for example, city staff are excluded unless they are attending on behalf of the CASCC) or city and town councilmembers who do not sit on the CASCC board or committees. Though all of the cities are members of the CASCC JPA, they are separate entities from the CASCC JPA. They can still attend the events but would need to pay a different fee.

4. Who is covered by the insurance coverage? for example if a board member or independent contractor were driving to a JPA event?

The liability policy covers the JPA's officers, employees and volunteers. It does not cover independent contractors. They are usually required to obtain insurance coverage as part of their agreement with CASCC. If a personal vehicle (non-owned auto of the JPA) is being used to conduct JPA business, then the SDRMA policy coverage would be in excess of the personal auto policy coverage.

For governing body members, their own auto insurance coverage would apply first and then SDRMA would provide coverage in excess of the board member's personal policy. The limit to the coverage is the liability amount, which is \$2.5 million per occurrence (not per year; thus, CASCC JPA can have more than one occurrence per year).

SDRMA does offer a \$50 certificate to extend insurance to a third party (for example, for a one-day event).

NEXT STEPS

If the Board votes to move forward with obtaining insurance from SDRMA, it must the following actions:

1. Adopt A RESOLUTION OF THE BOARD OF DIRECTORS OF CITIES ASSOCIATION OF SANTA CLARA COUNTY JOINT POWERS AGENCY APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A SIXTH AMENDED JOINT POWERS AGREEMENT AND AUTHORIZING PARTICIPATION IN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY'S PROPERTY/LIABILITY PROGRAM.
2. Authorize the CASCC Board President to execute the Sixth Amended Joint Powers Agreement Relating to the Special District Risk Management Authority ("SDRMA").
3. Authorize the Executive Director to apply to join the California Special Districts Association (CSDA) on behalf of the Cities Association of Santa Clara County Joint Powers Agency.

The coverage can start as soon as the policy is activated, which would take 48 hours once all paperwork has been submitted.

FISCAL IMPACT:

Approximately \$4,755 per fiscal year for the next three full fiscal years, with the understanding that the annual premium has not been calculated for the upcoming or future fiscal years and the premium is anticipated to fluctuate slightly per year. This figure is derived as follows: \$3,474 + \$1,281 annual membership fee for CSDA. Note that the three-year term to stay with SDRMA will begin with the first full fiscal year which starts July 1, 2024.

For the 2023-2024 fiscal year, SDRMA will pro-rate the insurance as the coverage is only for the months of April - June. As of the writing of this staff report, staff has asked SDRMA to provide the pro-rated premium cost.

OPTIONS:

The Board of Directors has the following options to consider on this matter:

1. Initiate the process of obtaining insurance from SDRMA by taking the recommended actions.
2. Direct staff to investigate other insurance options and provide this information to the Board at a future meeting.

ATTACHMENT:

1. Formal quote letter from SDRMA
2. Resolution 2024-01 A RESOLUTION OF THE BOARD OF DIRECTORS OF CITIES ASSOCIATION OF SANTA CLARA COUNTY JOINT POWERS AGENCY APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A SIXTH AMENDED JOINT POWERS AGREEMENT AND AUTHORIZING PARTICIPATION IN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY'S PROPERTY/LIABILITY PROGRAM.
3. SDRMA Joint Powers Agreement
4. SDRMA Bylaws
5. SDRMA Property/Liability Package Program with summaries of each type of coverage offered
6. Staff Report on Insurance from March 14, 2024 Board of Directors meeting



1112 I Street, Suite 300
Sacramento, CA 95814-2865
O 916-231-4141 * 800-537-7790
Fax 916-231-4111

Maximizing Protection. Minimizing Risk.

April 08, 2024

Vaishali Sirkay
Executive Director
Santa Clara County Cities Association
PO Box 3144
Los Altos, CA 94024

Dear Vaishali Sirkay,

Thank you for the opportunity to provide Santa Clara County Cities Association with this 2023-24 Property/Liability Program quotation. Established in 1986, the Special District Risk Management Authority has a proven reputation for competitive rates, actuarially based fiscal management, and sound underwriting practices. Our goal is to serve as an extension of your agency’s staff and provide the best value through proactive loss prevention, effective claims cost containment and enhanced member services. Our partnerships with California Special District Association (CSDA), the CSDA Finance Corporation, and the Special District Leadership Foundation provide our members access to valuable services, resources, education and training opportunities.

Valid for sixty (60) days from the date of this letter, the following quotation represents twelve (12) months of coverage and is subject to verification and final underwriting review. Coverage bound mid-year will be prorated based on effective dates. Santa Clara County Cities Association’s quotation is as follows:

PROPERTY/LIABILITY PROGRAM QUOTATION

Coverage Limits: \$2.5 Million - July 1, 2023 through June 30, 2024*

\$3,473.75

****Please refer to the attached list for detailed coverage limits and deductibles.***



Please review the following requirements and conditions:

- Adoption of a Resolution by the Agency Board of Directors approving the form and authorizing the Execution of the Sixth Amended Joint Powers Agreement and agreeing to membership in the SDRMA Property/Liability Program for an initial 3-program year commitment.
- Execution and delivery of the Sixth Amended Joint Powers Agreement of the Special District Risk Management Authority.
- Completion of the Alliant Crime Policy application.
- Approval by SDRMA's Board of Directors of Agency's membership in the Property/Liability program.
- Initial three-program year member enrollment required. Upon meeting the initial three-program year commitment, a member may withdraw by submitting a 90-day (April 1) intent to withdraw letter before the annual renewal.
- Maintaining annual Membership in California Special Districts Association is required and separate from this quotation.
- Special District Risk Management Authority's Credit Incentive Program (CIP) awards up to 15% off the annual contribution for completion of approved risk management and training programs. Members can reduce future contributions each year by earning CIP points or not experiencing any paid claims.

Upon receipt of all membership documents, SDRMA will issue the policy and forward pro-rated invoices for the annualized Property/Liability Program contributions.

We look forward to Santa Clara County Cities Association's participation in the SDRMA Property/Liability Program. Should you have any questions, or if we can provide any additional information, please do not hesitate to contact us at 800.537.7790. All necessary membership documents will be sent to you upon notification of your agency's decision to proceed with membership in the program.

Sincerely,
Special District Risk Management Authority

A handwritten signature in blue ink that reads "Brian Kelley". The signature is fluid and cursive, written over a light blue rectangular background.

Brian Kelley, MBA, ARM - Chief Executive Officer

Special District Risk Management Authority
Proposed Lines of Coverage for Program Year 2023-24



Line of Coverage	Item Count	Total Insured Value (TIV)	Deductible	Limit
General Liability				
Bodily Injury			\$0	\$2,500,000
Property Damage			\$500	\$2,500,000
Public Officials Personal			\$500	\$500,000
Employment Benefits			\$0	\$2,500,000
Employee/Public Officials E & O			\$0	\$2,500,000
Employment Practices Liability			\$0	\$2,500,000
Employee/Public Officials Dishonesty (Crime)			\$0	\$1,000,000
Auto Liability (includes non-owned auto)				
Auto Bodily Injury			\$0	\$2,500,000
Auto Property Damage			\$1,000	\$2,500,000
Non-Owned Auto Bodily Injury			\$0	\$2,500,000
Non-Owned Auto Property Damage			\$1,000	\$2,500,000
Uninsured Motorist			\$0	\$1,000,000

* Special Deductibles/Limits

RESOLUTION NO. 2024-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF CITIES ASSOCIATION OF SANTA CLARA COUNTY JOINT POWERS AGENCY APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A SIXTH AMENDED JOINT POWERS AGREEMENT AND AUTHORIZING PARTICIPATION IN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY'S PROPERTY/LIABILITY PROGRAM

WHEREAS, Cities Association of Santa Clara County Joint Powers Agency, a joint powers authority duly organized and existing under and by virtue of the laws of the State of California (the "Agency"), has determined that it is in the best interest and to the advantage of the Agency to participate for at least three full years in the Property/Liability Program offered by the Special District Risk Management Authority (the "Authority"); and

WHEREAS, California Government Code Section 6500 *et seq.*, provides that two or more public agencies may by agreement jointly exercise any power common to the contracting parties; and

WHEREAS, Special District Risk Management Authority was formed in 1986 in accordance with the provisions of California Government Code 6500 *et seq.*, for the purpose of providing its members with risk financing and risk management programs; and

WHEREAS, California Government Code Section 990.4 provides that a local public entity may self-insure, purchase insurance through an authorized carrier, or purchase insurance through a surplus lines broker, or any combination of these; and

WHEREAS, participation in Special District Risk Management Authority programs requires the Agency to execute and enter into a Sixth Amended Joint Powers Agreement (the "Amended JPA Agreement"); which states the purpose and powers of the Authority; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the transactions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Agency is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such transactions for the purpose, in the manner and upon the terms herein provided.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE AGENCY AS FOLLOWS:

Section 1. Findings. The Agency Board of Directors hereby specifically finds and determines that the actions authorized hereby relate to the public affairs of the Agency.

Section 2. Sixth Amended JPA Agreement. The Amended JPA Agreement proposed to be executed and entered into by and between the Agency and members of the Special District Risk Management Authority, in the form presented at this meeting and on file with the Agency Secretary, is hereby approved. The Agency Board and/or Authorized Officers ("The Authorized Officers") are hereby authorized and directed, for and in the name and on behalf of the Agency, to execute and deliver to the Authority the Amended JPA Agreement in substantially said form, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. Program Participation. The Agency Board of Directors approves participating for three full program years in Special District Risk Management Authority Property and Liability Program.

Section 4. Other Actions. The Authorized Officers of the Agency are each hereby authorized and directed to execute and deliver any and all documents which is necessary in order to consummate the transactions authorized hereby and all such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 5. Effective Date. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED this ____ day of _____, 20__ by the following vote:

AYES: _____

NOES: _____

ABSENT: _____

Name

Title

Agency Secretary

**SIXTH AMENDED
JOINT POWERS AGREEMENT**

RELATING TO THE

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

Adopted August 1, 1986
1st Amended February 5, 1988
2nd Amended March 31, 1990
3rd Amended July 1, 1993
4th Amended February 9, 1998
5th Amended and Restated
- Approved March 24, 2003
- Effective July 1, 2003
6th Amended October 2, 2007

JOINT POWERS AGREEMENT - TABLE OF CONTENTS

Article 1. Definitions2

Article 2. Purposes3

Article 3. Parties to Agreement.....4

Article 4. Term of Agreement.....4

Article 5. Creation of Authority.....4

Article 6. Powers of Authority.....4

Article 7. Board of Directors6

Article 8. Compliance with the Brown Act6

Article 9. Powers of the Board of Directors6

Article 10. Officers of the Authority.....8

Article 11. Provision for Bylaws8

Article 12. [Reserved].....8

Article 13. Coverage Programs.....9

Article 14. Implementation of the Programs.....9

Article 15. Accounts And Records9

Article 16. Services Provided by the Authority10

Article 17. Responsibilities of Members10

Article 18. New Members.....11

Article 19. Withdrawal.....11

Article 20. Involuntary Termination.....12

Article 21. Effect of Withdrawal or Involuntary Termination.....13

Article 22. Termination and Distribution; Assignment13

Article 23. Enforcement.....14

Article 24. Nonliability of Directors, Officers and Employees14

Article 25. Provisions Relating to CSDA14

Article 26. Notices15

Article 27. Amendment.....15

Article 28. Prohibition Against Assignment.....15

Article 29. Agreement Complete15

Article 30. Counterparts.....15

Article 31. California Law15

Article 32. Severability15

Article 33. Effective Date15

**SIXTH AMENDED JOINT POWERS AGREEMENT
RELATING TO THE
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY**

THIS SIXTH AMENDED JOINT POWERS AGREEMENT (the “Agreement”) is made and entered into by and among the public agencies (the “Members”) organized and existing under the laws of the State of California, which are signatories to this Agreement.

RECITALS

WHEREAS, California Government Code Section 6500 *et seq.* (the “Act”) provides that two or more public agencies may by agreement jointly exercise any power common to the contracting parties; and

WHEREAS, California Labor Code Section 3700(c) permits pooling by public agencies of self insurance for Workers’ Compensation liability; and

WHEREAS, California Government Code Section 990.4 provides that a local public entity may self-insure, purchase insurance through an authorized carrier, purchase insurance through a surplus line broker, or any combination of these; and

WHEREAS, California Government Code Section 990.8 provides that two or more local entities may, by a joint powers agreement, provide insurance for any purpose by any one or more of the methods specified in Government Code Section 990.4; and

WHEREAS, the parties to this Agreement desire to join together for the purposes set forth in Article 2 hereof, including establishing pools for self-insured losses and purchasing Excess or Re-Insurance and administrative services in connection with joint protection programs (the “Programs”) for members of the California Special Districts Association (“CSDA”); and

WHEREAS, it appears economically feasible and practical for the parties to this Agreement to do so; and

WHEREAS, the Members have previously executed that certain Fifth Amended and Restated Joint Powers Agreement (the “Original JPA”), which Original JPA the Members desire to amend and restate by this Agreement; provided that such amendment and restatement shall not affect the existence of the Authority; and

WHEREAS, CSDA exists to assist and promote special districts, and has been responsible for the original creation of the Special District Risk Management Authority (“Authority”) and Special District Workers Compensation Authority (“SDWCA”), and determined the consolidation of SDWCA and the Authority on July 1, 2003 was in the best interests of special districts and other public agencies throughout the State.

NOW THEREFORE, for and in consideration of all of the mutual benefits, covenants and agreements contained herein, the parties hereto agree as follows:

Article 1. Definitions. The following definitions shall apply to the provisions of this agreement:

“Act” means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the California Government Code, as amended or supplemented.

“Alliance Executive Council” means the council organized pursuant to the MOU.

“Assessment” means an additional amount, in addition to the Member’s or Former Member’s original contribution, which the Board of Directors determines in accordance herewith and/or with the Bylaws that a Member or Former Member owes on account of its participation in a Program for a given Program year.

“Authority” shall mean the Special District Risk Management Authority created by the original version of this Agreement.

“Board of Directors” or “Board” shall mean the governing body of the Authority.

“Bylaws” means the Bylaws of the Authority adopted by the Board of Directors, as they may be amended from time to time.

“Chief Executive Officer” shall mean that employee of the Authority who is so appointed by the Board of Directors.

“Claim” shall mean a demand made by or against a Member or Former Member which is or may be covered by one of the Programs approved by the Board of Directors.

“Contribution” means the amount determined by the Board of Directors to be the appropriate sum which a Member should pay at the commencement of or during the Program Year in exchange for the benefits provided by the Program.

“Coverage Documents” shall mean the Declarations, Memorandum of Coverages, Coverage Agreements, Endorsements, Policies of Insurance or any other documents that provide the terms, conditions, limits and exclusions of coverage afforded by a Program.

“CSDA” means the California Special Districts Association.

“District” shall mean a special district, public agency or public entity within the State of California which is both a Member of the CSDA and a signatory to this Agreement.

“Duly Constituted Board Meeting” shall mean any Board of Directors meeting noticed and held in the required manner and at which a Quorum was determined to be present at the beginning of the meeting.

“Estimated Contribution” means the amount which the Board of Directors estimates will be the appropriate contribution for a Member’s participation in a Program for a Program Year.

“Excess or Re-Insurance” shall mean that insurance which may be purchased on behalf of the Authority and/or the Members to protect the funds of the Members or Former Members against catastrophic losses or an unusual frequency of losses during a single year in excess of the self-insurance retention maintained by the Authority.

“Fiscal Year” shall mean that period of twelve months which is established as the fiscal year of the Authority.

“Former Member” shall mean a District which was a signatory to the Agreement but which has withdrawn from, or been involuntarily terminated from participating in, the Authority.

“Joint Protection Program” means a Program offered by the Authority, separate and distinct from other Programs, wherein Members will jointly pool their losses and claims, jointly purchase Excess or Re-Insurance and administrative and other services, including claims adjusting, data processing, risk management consulting, loss prevention, legal and related services.

“Member” shall mean a signatory to this Agreement, which is qualified as a Member under the provisions of this Agreement and the Bylaws.

“MOU” means the Memorandum of Understanding - Alliance Executive Council, dated as of September 20, 2001, among the Authority, CSDA, the CSDA Finance Corporation and SDWCA.

“Program” or “Programs” means the specific type of protection plan as set forth in the terms, conditions and exclusions of the Coverage Documents for self-insured losses, and the purchasing of Excess or Re-Insurance and administrative services.

“Program Year” shall mean a period of time, usually 12 months, determined by the Board of Directors, in which a Program is in effect.

“Retained Earnings,” as used herein, shall mean an equity account reflecting the accumulated earnings of a Joint Protection Program.

“SDWCA” means the Special Districts Workers Compensation Authority, and its successors or assigns.

Article 2. Purposes. This Agreement is entered into by the Members pursuant to the provisions of California Government Code section 990, 990.4, 990.8 and 6500 *et seq.* in order to provide, subject to the provisions of the Coverage Documents, economical public liability and workers’ compensation coverage, or coverage for other risks which the Board of Directors may determine.

Additional purposes are to reduce the amount and frequency of losses, and to decrease the cost incurred by Members in the handling and litigation of claims. These purposes shall be

accomplished through the exercise of the powers of such Members jointly in the creation of a separate entity, the Special District Risk Management Authority (the “Authority”), to establish and administer Programs as set forth herein and in the Bylaws.

It is also the purpose of this Agreement to provide, to the extent permitted by law, for the inclusion, at a subsequent date, and subject to approval by the Board of Directors, of such additional Members organized and existing under the laws of the State of California as may desire to become parties to the Agreement and Members of the Authority.

Article 3. Parties to Agreement. Each party to this Agreement certifies that it intends to and does contract with all other parties who are signatories to this Agreement and, in addition, with such other parties as may later be added as parties to and signatories of this Agreement pursuant to Article 18. Each party to this Agreement also certifies that the withdrawal from or cancellation of membership by any Member, pursuant to Articles 19 and 20 or otherwise, shall not affect this Agreement nor such party’s intent, as described above, to contract with the other remaining parties to the Agreement.

Article 4. Term of Agreement. This Agreement shall become effective as to existing Members of the Authority as set forth in Article 33 hereof. This Agreement shall continue thereafter until terminated as hereinafter provided. This Agreement shall become effective as to each new Member upon: (i) approval of its membership by the Board of Directors, (ii) the execution of this Agreement by the Member, and (iii) upon payment by the Member of its initial Contribution for a Program. Any subsequent amendments to the Agreement shall be in accordance with Article 27 of this Agreement.

Article 5. Creation of Authority. Pursuant to the Act, there is hereby created a public entity separate and apart from the parties hereto, to be known as the Special District Risk Management Authority. Pursuant to Section 6508.1 of the Act, the debts, liabilities and obligations of the Authority, including but not limited to, debts, liabilities and obligations of any of the Programs shall not constitute debts, liabilities or obligations of any party to this Agreement or to any Member or Former Member.

The Authority is not an insurer, and the coverage programs offered by the Authority do not provide insurance, but instead provide for pooled joint protection programs among the members of the Authority. The Joint Protection Programs offered by the Authority constitute negotiated agreements among the Members which are to be interpreted according to the principles of contract law, giving full effect to the intent of the Members, acting through the Board of Directors in establishing the Programs.

Article 6. Powers of Authority. (a) The Authority shall have all of the powers common to Members and is hereby authorized to do all acts necessary for the exercise of said common powers, including, but not limited to, any or all of the following:

- (1) to make and enter into contracts, including the power to accept the assignment of contracts or other obligations which relate to the purposes of the Authority, or which were entered into by a Member or Former

Member prior to joining the Authority, and to make claims, acquire assets and incur liabilities;

- (2) to accept an assignment from SDWCA of all its assets, obligations and liabilities prior to the dissolution of SDWCA (including claims and contracts in existence prior to such dissolution) in order to benefit the Members or Former Members participating in the SDWCA workers compensation program; provided, that except for the fair and equitable allocation of administrative and overhead expenses, funds from such assignment shall not be co-mingled and shall be separately accounted for as provided for in this Agreement and the Bylaws.
- (3) to incur debts, liabilities, or other obligations, including those which are not debts, liabilities or obligations of the Members or Former Members, or any of them;
- (4) to charge and collect Contributions and Assessments from Members or Former Members for participation in Programs;
- (5) to receive grants and donations of property, funds, services and other forms of assistance from persons, firms, corporations and governmental entities;
- (6) to acquire, hold, lease or dispose of property, contributions and donations of property and other forms of assistance from persons, firms, corporations and governmental entities
- (7) to acquire, hold or dispose of funds, services, donations and other forms of assistance from persons, firms, corporations and governmental entities;
- (8) to employ agents and employees, and/or to contract for such services;
- (9) to incur debts, liabilities or other obligations to finance the Programs and any other powers available to the Authority under Article 2 or Article 4 of the Act;
- (10) to enter into agreements for the creation of separate public entities and agencies pursuant to the Act;
- (11) to sue and be sued in its own name;
- (12) to exercise all powers necessary and proper to carry out the terms and provisions of this Agreement (including the provision of all other appropriate ancillary coverages for the benefit of the Members or Former Members), or otherwise authorized by law or the Act; and
- (13) to exercise all powers and perform all acts as otherwise provided for in the Bylaws.

(b) Said powers shall be exercised pursuant to the terms hereof, in the manner provided by law and in accordance with Section 6509 of the Act. The foregoing powers shall be subject to the restrictions upon the manner of exercising such powers pertaining to the Member or Former Member designated in the Bylaws.

Article 7. Board of Directors. Subject to the limitations of this Agreement and the laws of the State of California, the powers of this Authority shall be vested in and exercised by, and its property controlled and its affairs conducted by, the Board of the Authority, which is hereby established and designated as the agency to administer this Agreement pursuant to Section 6506 of the Act. The powers of the Authority shall be exercised through the Board of Directors, who may, from time to time, adopt and modify Bylaws and other rules and regulations for that purpose and for the conduct of its meetings as it may deem proper. The officers of the Board shall be as set forth in the Bylaws.

So long as the MOU has not been terminated or the Authority has not withdrawn from the MOU, the Board of Directors shall be composed of seven (7) directors elected by the Member entities who have executed the current operative Agreement and are participating in a Joint Protection Program. The terms of directors, procedures for election of directors, procedures for meetings and provisions for reimbursement of Director expenses shall be as set forth in the Bylaws. Each Member of the Board of Directors shall have one vote. Each Member of the Board shall serve as set forth in the Bylaws.

So long as the Authority is a participant in the MOU, the Board of Directors of the Authority shall appoint three (3) members of its board to serve as members of the Alliance Executive Council. No member of the Board of Directors of the Authority shall serve as a director on any other board of directors of an entity or organization that is a signatory to the MOU during the term of the MOU. In the event a director is elected to such a board, that director shall immediately resign from the Board of Directors of the Authority.

In the event SDRMA withdraws from the MOU, the Board of Directors of the Authority shall consist of those seven (7) Directors who hold seats on the Authority's Board of Directors at the time of the withdrawal and who were duly appointed by the Board, or elected or re-elected by the Member entities of SDRMA plus the additional directors appointed by CSDA as provided in Article 25.

Article 8. Compliance with the Brown Act. All meetings of the Board, including, without limitation, regular, adjourned regular and special meetings, shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act, California Government Code Section 54950 *et seq.*

Article 9. Powers of the Board of Directors. The Board of Directors shall have such powers and functions as provided for pursuant to this Agreement and the Bylaws and such additional powers as necessary or appropriate to fulfill the purposes of this Agreement and the Bylaws, including, but not limited to, the following:

- (a) to determine details of and select the Program or Programs to be offered, from time to time, by the Authority;

- (b) to determine and select all insurance, including Excess or Re-insurance, necessary to carry out the programs of the Authority;
- (c) to contract for, develop or provide through its own employees various services for the Authority;
- (d) to prepare or cause to be prepared the operating budget of the Authority for each fiscal year;
- (e) to receive and act upon reports of committees and from the Chief Executive Officer;
- (f) to appoint staff, including a Chief Executive Officer, and employ such persons as the Board of Directors deems necessary for the administration of this Authority;
- (g) to direct, subject to the terms and conditions of the Coverage Documents, the payment, adjustment, and defense of all claims involving a Member during their period of membership in and coverage under a Program;
- (h) to fix and collect Contributions and Assessments for participation in the Programs;
- (i) to expend funds of the Authority for the purpose of carrying out the provisions of the Agreement and the Bylaws as they now exist or may be hereafter amended;
- (j) to purchase excess insurance, liability insurance, stop loss insurance, officers and directors liability insurance, and such other insurance as the Authority may deem necessary or proper to protect the Program, employees of the Authority and employees of the Members;
- (k) to defend, pay, compromise, adjust and settle all claims as provided for in the Coverage Documents;
- (l) to obtain a fidelity bond in such amount as the Board of Directors may determine for any person or persons who have charge of or the authority to expend funds for the Authority;
- (m) to establish policies and procedures for the operation of the Authority and the Programs;
- (n) to engage, retain, and discharge agents, representatives, firms, or other organizations as the Board of Directors deems necessary for the administration of the Authority;
- (o) to enter into any and all contracts or agreements necessary or appropriate to carry out the purposes and functions of the Authority;

- (p) to acquire, hold, lease, manage and dispose of, as provided by law, any and all property necessary or appropriate to carry out the purposes and functions of the Authority;
- (q) to transact any other business which is within the powers of the Board of Directors;
- (r) to invest funds on hand in a manner authorized by law, the Agreement and the Bylaws;
- (s) to provide financial administration, claims management services, legal representations, safety engineering, actuarial services, and other services necessary or proper to carry out the purposes of the Authority either through its own employees or contracts with one or more third parties;
- (t) to exercise general supervisory and policy control over the Chief Executive Officer;
- (u) to establish committees and sub-committees as it deems necessary to best serve the interests of the Authority; and
- (v) to have such other powers and functions as are provided for pursuant to the Act, this Agreement or necessary or appropriate to fulfill the purpose of this Agreement and the Bylaws.

Article 10. Officers of the Authority. The officers of the Authority shall be as set forth in the Bylaws. The Board may elect or authorize the appointment of such other officers than those described in the Bylaws as the business of the Authority may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in this Agreement, or as the Board, from time to time, may authorize or determine.

Any officer may be removed, either with or without cause, by a majority of the directors of the Board at any regular or special meeting of the Board. Should a vacancy occur in any office as a result of death, resignation, removal, disqualification or any other cause, the Board may delegate the powers and duties of such office to any officers or to any Members of the Board until such time as a successor for said office has been appointed.

Article 11. Provision for Bylaws. The Board shall promulgate Bylaws to govern the day-to-day operations of the Authority. The Board may amend the Bylaws from time to time as it deems necessary, and as provided in the Bylaws. Each Member shall receive a copy of any Bylaws and agrees to be bound by and to comply with all of the terms and conditions of the Bylaws as they exist or as they may be modified. The Bylaws shall be consistent with the terms of this Agreement. In the event any provision of the bylaws conflicts with a provision of this Agreement, the provision contained in this Agreement shall control.

Article 12. [Reserved].

Article 13. Coverage Programs.

(a) The Authority shall maintain such types and levels of coverage for Programs as determined by the Board of Directors. Such coverage may provide for binding arbitration before an independent arbitration panel of any disputes concerning coverage between the Authority and a Member.

(b) The coverage afforded under one or more Programs may include protection for general liability, auto liability, property, boiler and machinery, public officials errors and omissions, employment practices, employee benefits liability coverage, employee dishonesty coverage, public officials personal liability coverage and workers' compensation, as well as coverage for other risks which the Board of Directors may determine to be advisable. More than one type of coverage may be afforded under a single Program.

(c) The Board of Directors may arrange for group policies to be issued for Members, their board members and employees interested in obtaining additional coverage, at an appropriate additional cost to those participating Members.

(d) The Board of Directors may arrange for the purchase of Excess or Re-Insurance. The Authority shall not be liable to any Member or to any other person or organization if such excess or reinsurance policies are terminated, canceled or non-renewed without prior notice to one or more Members, or if there is a reduction in the type of coverage afforded under a program by reason of any change in coverage in a succeeding excess or reinsurance policy, even if such reduction occurs without prior notice to one or more Members.

Article 14. Implementation of the Programs. The Board of Directors shall establish the coverage afforded by each Program, the amount of Contributions and Assessments, the precise cost allocation plans and formulas, provide for the handling of claims, and specify the amounts and types of Excess or Re-Insurance to be procured. The Contributions and Assessments for each Program shall be determined by the Board of Directors as set forth herein, in the Bylaws or in the operating policies established for a Program.

Article 15. Accounts And Records.

(a) **Annual Budget.** The Authority shall, pursuant to the Bylaws, annually adopt an operating budget, including budgets for each Joint Protection Program.

(b) **Funds and Accounts.** The Authority shall establish and maintain such funds and accounts as required by the Board of Directors and as required by generally accepted accounting principles, including separate funds and accounts for each Program, including Joint Protection Programs. Books and records of the Authority shall be open to any inspection at all reasonable times by authorized representatives of Members, or as otherwise required by law.

(c) **Investments.** Subject to the applicable provisions of any indenture or resolution providing for the investment of moneys held thereunder, the Authority shall have the power to invest any money in the treasury that is not required for the immediate necessities of the Authority, as the Board determines is advisable, in the same manner as local agencies pursuant to

California Government Code Sections 53601 *et seq.* (as such provisions may be amended or supplemented).

(d) **No Commingling.** The funds, reserves and accounts of each Program shall not be commingled and shall be accounted for separately; provided, however, that administration and overhead expenses of the Authority not related to a specific Program or Programs may be fairly and equitably allocated among Programs as determined by the Board of Directors. Investments and cash accounts may be combined for administrative convenience, but a separate accounting shall be made for balances of individual funds and Program revenues and expenses.

(e) **Annual Audit.** The Board shall provide for a certified, annual audit of the accounts and records of the Authority, in the manner set forth in the Bylaws.

Article 16. Services Provided by the Authority. The Authority may provide, at the sole discretion of the Board of Directors, the following services in connection with this Agreement:

(a) to provide or procure coverage, including but not limited to self-insurance funds and commercial insurance, as well as excess coverage, re-insurance and umbrella insurance, by negotiation or bid, and purchase;

(b) to assist Members in obtaining insurance coverage for risks not included within the coverage of the Authority;

(c) to assist risk managers with the implementation of risk management functions as it relates to risks covered by the Programs in which the Member participates;

(d) to provide loss prevention and safety consulting services to Members;

(e) to provide claims adjusting and subrogation services for Claims covered by the Programs;

(f) to provide loss analysis and control by the use of statistical analysis, data processing, and record and file keeping services, in order to identify high exposure operations and to evaluate proper levels of self-retention and deductibles;

(g) to review Member contracts to determine sufficiency of indemnity and insurance provisions when requested;

(h) to conduct risk management audits relating to the participation of Members in the Programs; and

(i) to provide such other services as deemed appropriate by the Board of Directors.

Article 17. Responsibilities of Members. Members or Former Members shall have the following responsibilities, which shall survive the withdrawal from, or involuntary termination of participation in, this Agreement:

(a) Each Member shall designate a person to be responsible for the risk management function within that Member and to serve as a liaison between the Member and the Authority as to risk management.

(b) Each Member shall maintain an active safety officer and/or committee, and shall consider all recommendations of the Authority concerning unsafe practices and/or hazard mitigation.

(c) Each Member shall maintain its own set of records, including a loss log, in all categories of risk covered by each Program in which it participates to insure accuracy of the Authority's loss reporting system, unless it is no longer deemed necessary by the Board of Directors.

(d) Each Member shall pay its Contribution, and any adjustments thereto, and any Assessments within the specified period set forth in the invoice, or as otherwise may be set forth herein or in the Bylaws. After withdrawal or termination, each Former Member or its successor shall pay promptly to the Authority its share of any additional Contribution, adjustments or Assessments, if any, as required of it by the Board of Directors under Article 21 or 22 of this Agreement or the Bylaws.

(e) Each Member or Former Member shall provide the Authority with such other information or assistance as may be necessary for the Authority to carry out the Programs under this Agreement in which the Member or Former Member participates or has participated.

(f) Each Member or Former Member shall in any and all ways cooperate with and assist the Authority and any insurer of the Authority, in all matters relating to this Agreement and covered claims.

(g) Each Member or Former Member will comply with all Bylaws, rules and regulations adopted by the Board of Directors.

(h) Each Member shall remain a member in good standing of CSDA.

Article 18. New Members. The Authority shall allow entry into its Programs of new Members only upon approval of the Board, with any conditions or limitations as the Board deems appropriate. In order to become a Member and remain a Member, any District must be a member in good standing of CSDA, shall participate in at least one (1) Joint Protection Program and shall be authorized to exercise the common powers set forth in this Agreement.

Article 19. Withdrawal.

(A) Any Member may voluntarily withdraw from this Agreement only at the end of any applicable Program Year and only if:

- (i) The Member has been a signatory to this Agreement for not less than three (3) full Program Years as of the date of the proposed withdrawal;

- (ii) The Member submits a written withdrawal notification in accordance with the Bylaws;
 - (iii) In order to withdraw from the agreement the member must have completed the three (3) full program year participation requirement for each Joint Protection Program the member participated in at the time of withdrawal.
- (B) Any Member may voluntarily withdraw from any particular Joint Protection Program; and
- (i) It has participated in such Joint Protection Program for at least three (3) full Program Years;
 - (ii) it is a participant in another Joint Protection Program; and
 - (iii) the Member submits a written withdrawal notification in accordance with the Bylaws.

(C) In the event that the three year participation requirement as required by (A)(i) or (B)(i) as to any such Joint Protection Program above has not been met, for each Program the withdrawing Member participated in at the time of its withdrawal, for less than three years such withdrawing member shall be obligated to pay all Contributions and Assessments as if that Member had remained in each such Program for the full three years from the inception of its membership in the Authority.

(D) In the event that the notice is not provided as required by (A)(ii) or (B)(iii) above, any such withdrawing Member shall, with respect to each Program the Member participated in, be obligated to pay any and all Contributions and Assessments for the next full Program Year.

(E) A Member may withdraw from any Program (other than a Joint Protection Program) as provided by the Coverage Documents relating to such Program.

(F) Withdrawal of one or more Members shall not serve to terminate this Agreement.

(G) A Member may not withdraw as a party to this Agreement until it has withdrawn, as provided in the Bylaws from all of the Programs of the Authority.

Article 20. Involuntary Termination.

(a) Notwithstanding the provisions of Article 19, the Authority shall have the right to involuntarily terminate any Member's participation in any Program, or terminate membership in the Authority, as provided in the Bylaws.

(b) Notwithstanding any other provisions of this Agreement, the participation of any Member of the Authority, including participation in any of the Authority's Programs, may be involuntarily terminated at the discretion of the Board of Directors whenever such Member is dissolved, consolidated, merged or annexed. A reasonable time shall be afforded, in the

discretion of the Board of Directors, to place coverage elsewhere. Any such involuntary termination shall not relieve the Member or Former Member of its responsibilities as provided for in Articles 17 or 21.

Article 21. Effect of Withdrawal or Involuntary Termination. The withdrawal from or involuntary termination of any Member from this Agreement shall not terminate this Agreement, and such Member, by withdrawing or being involuntarily terminated, shall not be entitled to payment, return or refund of any Contribution, Assessment, consideration, or other property paid, or donated by the Member to the Authority, or to any return of any loss reserve contribution, or to any distribution of assets (except payment of any Retained Earnings, as set forth in the following paragraph).

The withdrawal from or involuntary termination of any Member after the effective date of any Program shall not terminate its responsibility to pay its unpaid Contribution adjustments, or Assessments to such Program. The Board of Directors shall determine the final amount due from the Member or Former Member by way of contribution or assessments, if any, or any credit due on account thereof, to the Member or Former Member for the period of its participation. Such determination shall not be made by the Board of Directors until all Claims, or other unpaid liabilities, have been finally resolved. In connection with this determination, the Board of Directors may exercise similar powers to those provided for in Article 22(b) of this Agreement, or as otherwise set forth in the Bylaws. Upon such withdrawal from or cancellation of participation in any Program by any Member, said Member shall be entitled to receive its pro rata share of any Retained Earnings declared by the Board of Directors after the date of said Member withdraws or is involuntarily terminated.

Article 22. Termination and Distribution; Assignment.

(a) This Agreement may be terminated any time with the written consent of two-thirds of the voting Members; provided, however, that this Agreement and the Authority shall continue to exist for the purpose of disposing of all claims, distribution of net assets and all other functions necessary to wind up the affairs of the Authority.

(b) The Board of Directors is vested with all powers of the Authority for the purpose of winding up and dissolving the business affairs of the Authority. These powers shall include the power to require Members or Former Members, including those which were signatory hereto at the time the subject Claims arose or was/were incurred, to pay any Assessment in accordance with loss allocation formulas for final disposition of all Claims and losses covered by this Agreement or the Bylaws. A Member or Former Member's Assessment shall be determined as set forth in the Bylaws or the applicable Coverage Documents.

(c) Upon termination of a Program, all net assets of such Program other than Retained Earnings shall be distributed only among the Members that are participating in such Program at the time of termination, in accordance with and proportionate to their cash payments (including Contributions, adjustments, Assessments and other property at market value when received) made during the term of this Agreement for such Program. The Board of Directors shall determine such distribution within six (6) months after disposal of the last pending Claim or loss covered by such Program, or as otherwise set forth in the Bylaws.

(d) Upon termination of this Agreement all net assets of the Authority, other than of any Program distributed pursuant to (c) above, shall be distributed only among the Members in good standing at the time of such termination in accordance with and proportionate to their cash contributions and property at market value when received. The Board of Directors shall determine such distribution within six (6) months after disposal of the last pending Claim or loss covered by this Agreement, or as otherwise set forth in the Bylaws.

(e) In the event the Board of Directors is no longer able to assemble a quorum, the Chief Executive Officer shall exercise all powers and authority under this Article. The decision of the Board of Directors or Chief Executive Officer under this Article shall be final.

(f) In lieu of terminating this Agreement, the Board, with the written consent of two-thirds of the voting Members, may elect to assign and transfer all of the Authority's rights, assets, liabilities and obligations to a successor joint powers authority created under the Act.

Article 23. Enforcement. The Authority is hereby granted authority to enforce this Agreement. In the event action is instituted to enforce the terms of this Agreement, the Bylaws and/or any policies and/or procedures of the Board of Directors and the nondefaulting party(s) should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party(s) herein contained, the defaulting party agrees that it will on demand therefore pay to the nondefaulting party(s) the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party(s).

Article 24. Nonliability of Directors, Officers and Employees. The Board of Directors, and the officers and employees of the Authority, including former directors, officers and employees, shall not be liable to the Authority, to any Member or Former Member, or to any other person, for actual or alleged breach of duty, mistake of judgment, neglect, error, misstatement, misleading statement, or any other act or omission in the performance of their duties hereunder; for any action taken or omitted by any employee or independent contractor; for loss incurred through the investment or failure to invest funds; or for loss attributable to any failure or omission to procure or maintain insurance; except in the event of fraud, gross negligence, or intentional misconduct of such director, officer or employee. No director, officer or employee, including former directors, officers and employees, shall be liable for any action taken or omitted by any other director, officer or employee. The Authority shall defend and shall indemnify and hold harmless its directors, officers and employees, including former directors, officers and employees, from any and all claims, demands, causes of action, and damages arising out of their performance of their duties as such directors, officers or employees of the Authority except in the event of fraud, gross negligence, corruption, malice or intentional misconduct, and the funds of the Authority shall be used for such purpose. The Authority may purchase conventional insurance to protect the Authority, and its participating Members or Former Members, against any such acts or omissions by its directors, officers and employees, including former directors, officers and employees.

Article 25. Provisions Relating to CSDA. It is agreed and understood the mandatory membership in CSDA provision in Article 18 is in consideration of CSDA's exclusive endorsement of SDRMA's programs as they exist or may be modified. CSDA and the Authority

may from time to time exchange services or enter into separate service agreements pursuant to Section 6505 of the Act, including, but not limited to, services relating to educational programs, marketing, web-site graphics and conferences.

So long as the Authority is a participant in the MOU, the Board of the Authority shall appoint three members of the Board to serve as members of the Alliance Executive Council. In the event the MOU has been terminated or the Authority has withdrawn from the MOU, the composition of the Authority Board of Directors shall be increased by two (2) additional directors to be appointed by CSDA. CSDA appointees shall be a director serving on the CSDA Board of Directors and said director(s) shall be a member of an agency who is a signatory to the current SDRMA Joint Powers Agreement.

CSDA shall be a third party beneficiary to Sections 18, 25, 27 of this Agreement.

Article 26. Notices. Notices to Members or Former Members hereunder shall be sufficient if delivered to the principal office of the respective Member or Former Member.

Article 27. Amendment. This Agreement may be amended at any time by a two-thirds vote of the Members; provided, that any amendment to Article 18, Article 25, or Article 27 shall require the prior written consent of CSDA. The Bylaws may be amended as provided therein. Upon the effective date of any validly approved amendment to this Agreement, such amendment shall be binding on all Members.

Article 28. Prohibition Against Assignment. No person or organization shall be entitled to assert the rights, either direct or derivative, of any Member or Former Member under any coverage agreement or memorandum. No Member or Former Member may assign any right, claim or interest it may have under this Agreement, and no creditor, assignee or third party beneficiary of any Member or Former Member shall have any right, claim or title or any part, share, interest, fund, contribution or asset of the Authority.

Article 29. Agreement Complete. The foregoing constitutes the full and complete Agreement of the parties. There are no oral understandings or agreements not set forth in writing herein. This Agreement supersedes and replaces the Fifth Amended Joint Powers Amendment.

Article 30. Counterparts. This Agreement may be executed in one or more counterparts and shall be as fully effective as though executed in one document.

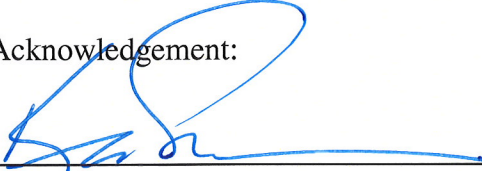
Article 31. California Law. This Agreement shall be governed by the laws of the State of California.

Article 32. Severability. Should any part, term or provisions of this Agreement be determined by any court of component jurisdiction to be illegal or in conflict with any law of the State of California or otherwise be rendered unenforceable or ineffectual, the validity of the remaining portions or provisions shall not be affected thereby.

Article 33. Effective Date. This Agreement shall become effective as to existing Members of the Authority on the date on which the last of two-thirds of such Members have executed this Agreement.

IN WITNESS WHEREOF, the parties hereto have first executed this Agreement by authorized officials thereof on the date indicated below:

Acknowledgement:



Ken Sonksen, President
Board of Directors
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

Oct 2, 2007
Date

I hereby certify this Amended Joint Powers Agreement has also received the required approval of not less than two-thirds of the Member entities then parties to the Fifth Amended Joint Powers Agreement.



James W. Towns, Chief Executive Officer
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

Oct. 2, 2007
Date

EXECUTION BY MEMBER

The Amended and Restated Joint Powers Agreement of the Special District Risk Management Authority, has been approved by the Board of Directors of the Member listed below, on the date shown, and said Member agrees to be subject to all of the terms and conditions set forth in said Agreement.

Entity Name: _____

By: _____ President

By: _____ Clerk

Date: _____

EXECUTION BY AUTHORITY

The Special District Risk Management Authority (the “Authority”), operating and functioning pursuant to this Sixth Amended Joint Powers Agreement, hereby accepts the entity named above as a participating member in the Authority, subject to all of the terms and conditions set forth in this Sixth Amended Joint Powers Agreement and in the Bylaws, effective as of

_____.

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

By: _____
SDRMA Board President

Date: _____

**BYLAWS
OF
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY**

THESE BYLAWS are for the regulation of Special District Risk Management Authority (the "Authority"). The definitions of terms used in these Bylaws shall be those definitions contained in the Sixth Amended and Restated Joint Powers Agreement relating to the Authority (the "Agreement"), supplements to such Agreement, and subsequent amendments to such Agreement, unless the context requires otherwise.

**ARTICLE I
MEMBERSHIP**

1. Eligibility

Any district, public agency, or public entity organized under the laws of the State of California, which is a member of the California Special Districts Association ("CSDA") is eligible for membership in the Authority upon approval by the Board of Directors of the Authority.

2. Participating Member

A "Member," as that term is used herein, is any public entity described in Section 1 above in the State of California whose participation in the Authority has been approved by the Board of Directors, and which (a) has executed the Joint Powers Agreement or successor document pursuant to which these Bylaws are adopted, and (b) which participates in a Joint Protection Program. Absent specific approval of the Board of Directors, all members shall at all times be a participant in either the Property/Liability Program or Workers' Compensation Program established by the Authority.

3. Successor Member Entity

Should any Member reorganize in accordance with the statutes of the State of California, the successor in interest, or successors in interest, if a member of CSDA, may be substituted as a Member upon approval by the Board of Directors of the Authority.

4. Annual Membership Meeting

An annual meeting of the members of the Authority shall be held at a time and place to be determined by the Board of Directors. The annual meeting shall be conducted in accordance with policies established by the Board of Directors. Each and every entity that is a Member of the Authority shall, no less than thirty (30) calendar days prior to such meeting, be given written notice of the time and place of the meeting. The final agenda will be posted 72 hours prior to the meeting in the manner provided by the Ralph M. Brown Act (California Government Code Section 54950 *et seq.* (the "Brown Act")). The agenda shall include:

- a. Those matters which are intended to be presented for action by the Board of Directors;
- b. The general nature of any proposal to be presented for action; and
- c. Such other matters, if any, as may be expressly required by statute or by the Agreement.

**ARTICLE II
BOARD OF DIRECTORS**

1. Powers

Under the Agreement or successor document, the Authority is empowered to carry out all of its powers and functions through a Board of Directors. The Board of Directors shall have the powers set forth as follows, or as otherwise provided in the Agreement:

- a. to make and enter into contracts, including the power to accept the assignment of contracts or other obligations which relate to the purposes of the Authority, or which were entered into by a Member or Former Member prior to joining the Authority, and to make claims, acquire assets and incur liabilities;
- b. to incur debts, liabilities, or other obligations, including those which are not debts, liabilities or obligations of the Members or Former Members, or any of them;

- c. to charge and collect Contributions and Assessments from Members or Former Members for participation in Programs;
- d. to receive grants and donations of property, funds, services and other forms of assistance from persons, firms, corporations and governmental entities;
- e. to acquire, hold, lease or dispose of property, contributions and donations of property and other forms of assistance from persons, firms, corporations and governmental entities;
- f. to acquire, hold or dispose of funds, services, donations and other forms of assistance from persons, firms, corporations and governmental entities;
- g. to employ agents and employees, and/or to contract for such services;
- h. to incur debts, liabilities or other obligations to finance the Programs and any other powers available to the Authority under Article 2 or Article 4 of the Act;
- i. to enter into agreements for the creation of separate public entities and agencies pursuant to the Act;
- j. to sue and be sued in its own name; and
- k. to exercise all powers necessary and proper to carry out the terms and provisions of this Agreement (including the provision of all other appropriate ancillary coverages for the benefit of the Members or Former Members), or otherwise authorized by law or the Act.

2. Nomination of Directors

Members may nominate candidates to the Board of Directors in the following manner:

- a. A Member may place into nomination its candidate for any open position on the Board of Directors in accordance with election guidelines established by the Board of Directors.
- b. Each candidate for election as a director must be a member of the board of directors or a management employee of a Member (as determined by the Member's governing board). Only one representative from any Member may serve on the Board of Directors at the same time.
- c. Nominating forms must be completed and received by the Authority at least fifty (50) days before the date the election will occur.
- d. This nomination process shall be the sole method for placing candidates into nomination for the Board of Directors.

3. Terms of Directors

The composition of the Board shall be as set forth in the Agreement. The election of directors shall be held in each odd-numbered year. The terms of the directors elected by the Members will be staggered. Four directors will serve four-year terms, to end on December 31 of one odd-numbered year. Three directors will serve four-year terms, to end on December 31 of the alternate odd-numbered year.

The failure of a director to attend three (3) consecutive regular meetings of the Board (provided such meetings shall occur in a period of not less than three (3) successive months), except when prevented by sickness, or except when absent from the State with the prior consent of the Board, as provided by Government Code, Section 1770 shall cause such director's remaining term in office to be considered vacant. A successor director shall be selected for the duration of such director's term as set forth in Section 5 hereof.

4. Election of Directors

Members may vote for directors in accordance with the balloting process guidelines established herein or as otherwise established by policy of the Board of Directors. Each Member shall have one vote in the election per elected position.

The Board of Directors will conduct the election of directors to serve on the Board of Directors by all-mail ballot. Written notice shall be sent by mail to each Member no later than ninety (90) days prior to the date scheduled for such election. Said notice shall (i) inform each Member of the positions to be filled on the Board of Directors at such election; and (ii) inform each Member of its right to nominate candidates for any office to be filled at the election to Article II, Section 2 of the Bylaws. A form of mail ballot containing all mailed nominations accepted for any office to be filled at the election shall be mailed in accordance with policy established by the Board of Directors to each Member. Said mailed ballot shall indicate that each Member may return the ballot to the principal business address of the

Authority and that only those ballots received prior to the close of business on the date designated for the election shall be considered valid and counted.

5. Vacancy

Upon the death or resignation of any member of the elected Board of Directors, or the determination such member's remaining term is vacant pursuant to Section 3 hereof, the vacancy shall be filled for the balance of the unexpired term by appointment in accordance with policy established by the Board of Directors.

6. Meetings

The business of the Board of Directors shall be conducted and exercised only at a regular or special meeting of the Board of Directors held in accordance with law. Written notice of each meeting shall be given to each director of the Board by mail or other means of written communication, in the manner provided by the Brown Act. Such notice shall specify the place, the date, and the hour of such meeting.

Special meetings of the Board of Directors, for the purpose of taking any action permitted by statute and the Agreement, may be called at any time by the President, or by the Vice President in the absence or disability of the President, or by a majority of the members of the Board.

Any annual, regular, or special Board of Directors' meeting, whether or not a quorum is present, may be adjourned from time to time, as provided by the Brown Act.

Minutes of any and all open meetings shall be available to Members upon request and distributed by mail, electronically, or available on the Authority's MemberPlus on-line web portal.

7. Quorum and Required Vote

A quorum of the Board of Directors shall be a majority of the total number of directors. A quorum must be present at any meeting before the business of the Board of Directors can be transacted. The vote of a majority of the Board of Directors shall be required for any act or decision of the Board of Directors, except as otherwise specifically provided by law or the Agreement. The directors present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal from the meeting of enough directors to leave less than a quorum.

8. Expenses

Board members shall be reimbursed by the Authority in accordance with policy approved by the Board of Directors for all reasonable and necessary travel expenses when required or incurred by any director in connection with attendance at a meeting of the Board of Directors or a committee thereof and for such other expenses as are approved by the Board. These expenses shall include, but shall not be limited to, all charges for meals, lodging, airfare, and the costs of travel by automobile at a rate per mile established by the Board of Directors.

**ARTICLE III
OFFICERS AND EMPLOYEES**

1. President, Vice President and Secretary

There shall be three officers of the Board: a president, a vice president and a secretary, who shall be members of the Board of Directors.

Election of officers shall be held at the first meeting following January 1 of each year, and each officer's term shall begin immediately thereafter, and shall end following adjournment of the first meeting following January 1 of the next year, or as soon thereafter as a successor is elected.

In the event the president, vice president or secretary so elected ceases to be a member of the Board of Directors, the resulting vacancy in the office shall be filled by election at the next regular meeting of the Board of Directors after such vacancy occurs. The president or vice president may be removed, without cause, by the Board of Directors at any regular or special meeting thereof, by a two-thirds vote of the voting members of the Board.

The president shall preside at and conduct all meetings of the Board of Directors, and shall carry out the resolutions and orders of the Board of Directors and shall exercise such other powers and perform such other duties as the Board of Directors shall prescribe. The president shall be ex-officio a member of all standing committees, if any. In the absence of the president, the vice president shall carry out the duties of the president. The secretary shall keep, or cause to be kept, minutes of all meetings, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors.

2. Board Committees

Committees of the Board may be appointed in accordance with policy established by the Board of Directors, and membership on such committees may be open to non-members of the Board of Directors. Committees shall include at least one (1) member of the Board of Directors, but may not include a majority of the Board of Directors.

3. Chief Executive Officer

The Board shall appoint a Chief Executive Officer who shall have general administrative responsibility for the activities of the Authority. The Chief Executive Officer shall be paid by the Authority and is a contract position.

The Chief Executive Officer shall record or cause to be recorded, and shall keep or cause to be kept, at the principal executive office or such other place as the Executive Committee may order, a book of minutes of actions taken at all meetings of the Board of Directors, whether regular or special (and, if special, how authorized), the notice thereof given, the names of those present at the meetings, and the proceedings thereof. The Chief Executive Officer/ shall keep, or cause to be kept, at the principal executive office of the Authority a list of all designated representatives and alternates of each Member. The Chief Executive Officer/ shall give, or cause to be given, notice of all the meetings of the Board of Directors required by the Bylaws or by statute to be given, and shall have such other powers and perform such other duties as may be prescribed by the Board, the Agreement or the Bylaws.

The Chief Executive Officer shall have the duty of administering the Programs of the Authority, as provided for in the Agreement, shall have direct supervisory control of and responsibility for the operation of the Authority including appointment of necessary employees thereof, subject to the approved budget and prior authorization of each position by the Board, and such other related duties as may be prescribed by the Board or elsewhere in these Bylaws or the Agreement.

4. Execution of Contracts

The Board may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Authority, and such authorization may be general or confined to specific instances except as otherwise provided by these Bylaws or the Agreement. Unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Authority by any contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.

5. Resignation

Any officer may resign at any time by giving written notice to the president or to the Chief Executive Officer of the Authority, without prejudice, however, to the rights, if any, of the Authority under any contract to which such officer is a party. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

**ARTICLE IV
DESIGNATED ENTITY**

The Lewiston Community Services District is hereby designated as the applicable entity for defining the restrictions upon the manner of exercising power as set forth in the California Government Code Section 6509, and as provided for in the Agreement of which these Bylaws are a part.

Should the Lewiston Community Services District terminate its membership or be involuntarily terminated in accordance with provisions of these Bylaws, the Board of Directors shall, by resolution, name a successor Member as the "designated entity" until such time as this Article can be amended.

ARTICLE V

JOINT PROTECTION PROGRAMS

1. Implementation of Joint Protection Programs

The Board of Directors may, at any time, offer such Programs as it may deem desirable. Such Program or Programs shall be offered on such terms and conditions as the Board of Directors may determine. Members must participate in at least one Joint Protection Program, but participation in any additional Programs or plans will be optional. Those Programs currently include: Property/Liability, Workers' Compensation, Health Benefits and various optional ancillary coverages. The Board of Directors shall establish the amount of Contributions, Estimated Contributions and Assessments, determine the amount of loss reserves, provide for the handling of claims, determine both the type and amount of insurance and/or reinsurance, if any, to be purchased, and otherwise establish the policies and procedures necessary to provide a particular Program for Members. As soon as feasible after development of the details of a Program, the specific rules and regulations for the implementation of such Program shall be adopted by the Board, which shall cause them to be set forth in written form in a policy and procedures manual prepared by the Authority for the Members.

2. Method of Calculating Contributions

The Board of Directors shall establish the method of calculating contributions for Members in each Program or plan annually.

ARTICLE VI

FINANCIAL AFFAIRS

1. Accounts and Records

In compliance with California Government Code Sections 6505.5 and 6505.6 (or as they may be amended), the Treasurer of the Authority shall establish and maintain such bank accounts and maintain such books and records as determined by the Board of Directors and as required by generally accepted accounting principles, the Governing Documents, applicable law, or any Resolution of the Authority. Books and records of the Authority shall be open to inspection at all reasonable times by authorized representatives of Members. Periodically, but not less often than annually, financial reports shall be made available to all Members.

As provided in the Agreement, the funds, reserves and accounts of each Program shall not be commingled and shall be separately accounted for; provided, however, that administration and overhead expenses of the Authority not related to a specific Program or Programs may be allocated among Programs as determined by the Board of Directors.

2. Audit

The Authority shall obtain an annual audit of its financial statements, which audit shall be made by an independent certified public accountant and shall conform to generally accepted auditing standards and accounting principles. A copy of said audit report shall be available, upon request, to each of the Members. Such audit report shall be obtained and filed within six months after the end of the fiscal year under examination with the State Controller and the Auditor-Controller of Sacramento County. A copy will also be posted to the Authority's website.

3. Annual Budget

Prior to the beginning of each Fiscal Year (or Program Year, as appropriate) the Board shall annually approve an operating budget for the Authority, including a budget for each Joint Protection Program.

4. Risk Sharing

- a. Except as otherwise determined by the Board, all Programs established and/or operated under the Agreement or these Bylaws are intended to be risk-sharing programs. Notwithstanding this intention, and upon findings by the Board of Directors of the Authority that confirm the value thereof, the Board of Directors may recognize sound risk management and loss control by the members through contribution and coverage modifications.
- b. The Board of directors authorizes the Chief Executive Officer to make adjustments to a member agency's specific deductibles, risk factor, experience modification factor or the coverage afforded based on:
 - i. The Member's loss experience in comparison to the loss experience of the other members;

- ii. Non-compliance with SDRMA recommended risk management or loss control measures;
- iii. The Member's failure to allow SDRMA or its agents reasonable access to facilities and records in the event of a claim or a loss control inspection;
- iv. The Member's failure to cooperate with SDRMA's officers, agents, employees, attorneys and claim adjusters; or
- v. The Member's failure to honor any other reasonable request by SDRMA with respect to fulfilling the Member's responsibilities as outlined in Article 17 of the Joint Powers Agreement relating to the Authority.

5. Distribution of Net Position

Any Net Position from the operation of any Program, in such amounts and under such terms and conditions as may be determined by the Board of Directors, may be distributed to the Members in such Program. Any distribution of such funds shall be made on a pro rata basis in relation to net contributions paid to that Program and shall be made only to those Members which participated in the Program during the Program Year in which the Net Position were generated. Such distributions may be made to Members based on the Program Year(s) during which the Member participated, even if the Member is not a Member at the time of the distribution.

6. Assessments

- a. If, in the opinion of the Board of Directors, claims against Members in any particular Program or plan for any particular Program Year are of such a magnitude as to endanger the ability of the Authority to continue to meet its obligations for that Program for that Program Year, each Member who has participated in that particular Program or plan of the Authority during the applicable Program Year shall be assessed a pro rata share of the additional amount determined necessary by the Board of Directors to restore the ability of the Authority to continue to meet its obligations for the applicable Program Year.
- b. Each Member's pro rata share of the total Assessment shall be in the same proportion as that Member's gross contributions paid during or due for the applicable Program Year bears to the total gross Contributions paid by or due from all Members during the applicable Program Year. In calculating these amounts, the Assessment shall not be included in gross Contributions.
- c. Failure of any Member to pay any regular Contribution or Assessment when due shall be cause for the involuntary termination of that entity's membership in the Authority. Such Assessment shall be a debt due by all Members who have participated in the applicable Program or plan during the applicable Program Year, and shall not be discharged by termination of membership.

7. Fiscal Year

The Authority shall operate on a fiscal year commencing on July 1 and ending on the following June 30. Such fiscal year shall also be the Program Year for any Member in any Joint Protection Program.

8. Agency Funds; No Loans

All funds received within a Joint Protection Program, as determined by the Board, for the purposes of the Authority shall be utilized solely for the purposes of such Joint Protection Program, and all expenditures of funds shall be made only upon signatures authorized by the Board of Directors, which shall establish the necessary procedures for doing so. Any funds not required for the immediate need of the Authority, as determined by the Board of Directors, may be invested in any manner authorized by law for the investment of funds of a special district.

Except for the allocation of administrative and overhead expenses, and for investment purposes as set forth in the Agreement, Program funds shall not be commingled and shall be separately accounted for.

The Board may not approve loans between Programs.

9. Grants and Donations

Without in any way limiting the powers otherwise provided for in the Agreement, these Bylaws, or by statute, the Authority shall have the power and authority to receive, accept, and utilize the services of personnel offered by any Member, or their representatives or agents; to receive, accept, and utilize property, real or personal, from any Member or its agents or representatives; and to receive, accept, expend, and disburse funds by contract or otherwise, for

purposes consistent with the provisions of the Agreement, which funds may be provided by any Member, their agents, or representatives.

10. Recovery of Payment

In the event of any payment by the Authority, the Authority may on behalf of the Member, either in the name of the Authority, in the name of the Member or both, recover sums paid to or on behalf of the Member from any person or organization liable, legally, contractually or otherwise, and the Member shall execute and deliver such instruments and papers, and do whatever else is necessary including execution of an assignment of all claims, including all rights to recover attorney fees, to the Authority or to a third party at the Authority's request, to secure such recovery and shall do nothing to impair such recovery. All sums recovered shall be applied to reimburse the Authority for payments made to or on behalf of the Member, to reimburse the Authority for the expense of such recovery, and to reimburse the Member for any deductible or co-insurance penalty paid.

**ARTICLE VII
WITHDRAWALS; TERMINATION OF MEMBERSHIP**

1. Withdrawal from Programs

A Member may voluntarily withdraw from any particular Program only in accordance with the applicable provision of the Agreement or any successor document thereto. A Member may withdraw from a Program without withdrawing from the Agreement if it is a participant in another Joint Protection Program of the Authority. Notice of intention to withdraw from a Program must be given to the Authority at least ninety (90) days prior to the end of the Program Year. No withdrawal shall become effective until the end of the applicable Program Year.

2. Involuntary Termination

Membership shall be deemed automatically terminated immediately and without prior notice upon the failure of any Member to maintain membership in at least one of the Authority's Programs.

In addition, a Member may be terminated from membership in a Program or the Agreement for cause upon a majority vote of the Board of Directors. The effective date of such termination shall be as determined by the Board of Directors, except that such termination shall take effect no later than sixty (60) days following the Board's decision to terminate and notice thereof is provided to the Member pursuant to Article VII, Section 3. For purposes of this Section, cause shall be deemed to include the following:

- a. Failure to pay any contribution, deposit, contribution to loss reserve, or assessment when due.
- b. Failure to comply with the Bylaws or with the policies and procedures established by the Authority.
- c. Based on a Member's loss experience, the Board of Directors has determined it to be detrimental to the stability of the pool.
- d. Dissolution of a Member.
- e. Failure to maintain membership in CSDA.
- f. Failure to undertake or continue risk management or loss control measures recommended by SDRMA or the Board of Directors.
- g. Failure to allow SDRMA or its agents reasonable access to all facilities and records of the Member which are necessary for the proper administration of a Program.
- h. Failure to cooperate fully with SDRMA officers, employees, attorneys, claims adjusters or other agents.
- i. Failure of a Member, the elected governing body of a Member, or of other personnel of the Member to exercise the Member's powers or fulfill the Member's duties in accordance with the Constitution or laws of the State of California.
- j. Any other act, omission or event, whether or not the fault of the Member, which causes the Member's continued membership in SDRMA to be inconsistent with the best interests of SDRMA or any of its programs.

3. Notification; Hearing, Obligations Upon Involuntary Termination

A Member which is automatically terminated on account of its failure to maintain membership in at least one of the Authority's Programs shall be given notice of such termination within thirty (30) days after such automatic termination. However, the failure to give such notice shall not operate to reinstate such Member.

If the Chief Executive Officer determines that cause exists for termination of a Member's membership and that the Member's membership should, in the best interest of the Authority, be terminated, the Chief Executive Officer shall

issue a written notice to the Member, sent by certified or first class mail, stating the reason or reasons for the proposed termination of membership. In addition, the notice shall state that the Board of Directors, at the next regularly scheduled meeting or at a special meeting, on a date specified in the notice at least thirty (30) days following the date of the notice, will consider the Member's termination of membership at the recommendation of the Chief Executive Officer, and invite the Member to request a hearing on the proposed termination of membership at the board meeting. Any request for a hearing must be made within ten (10) days of the date of the notice. If a hearing is timely requested by the Member at the meeting specified in the notice, the Chief Executive Officer shall present the case for termination of membership for cause to the Board of Directors. The Member shall have a reasonable opportunity to present its case to the Board of Directors and may attempt to show that since the date of the notice, it has undertaken steps to cure any curable grounds for termination of membership.

The decision by a majority of the Board of Directors to terminate a Member's membership shall be final and shall not be subject to appeal in any forum. Notice of the Board's decision shall be given to the Member by certified or first class mail within five (5) days following the decision of the Board of Directors and shall state the effective date of the termination of the Member's membership.

Any terminated Member shall continue to be bound to those same continuing obligations to which a withdrawing Member is obligated in accordance with Article VII, Section 6 of these Bylaws.

4. Voluntary Withdrawal from Agreement

A Member may withdraw voluntarily only as provided in the Agreement. Notice of intention to withdraw from the Agreement must be given to the Authority at least 90 days prior to the end of the Program Year of any Program in which the Member participates at the time of the notice.

5. Payment Upon Termination of Membership

In the event of a termination of the membership of any Member by involuntary or voluntary termination, said Member shall thereafter be entitled to receive its pro rata share of any distribution of Net Position declared by the Board of Directors that pertains to a coverage year during which the terminated Member participated in any particular Program for which such distribution is made. Such payment shall be in full settlement and satisfaction of any and all claims that said terminated Member may have against the Authority.

6. Continued Liability

Upon withdrawal or involuntary termination of a Member, the Agreement shall not terminate and that Member shall continue to be responsible for any unpaid Contributions and for any Assessment(s) levied in accordance with the provisions of the Agreement or Bylaws. Such Member, by withdrawing or being involuntarily terminated, shall not be entitled to payment, return or refund of any Contribution, Assessment, consideration, or other property paid or donated by the Member to the Authority, or to return of any loss reserve contribution, or to any distribution of assets (except payment of any Net Position, as set forth in Article VII, section 5 above).

**ARTICLE VIII
TERMINATION OF THE AUTHORITY; TERMINATION OF PROGRAMS**

1. After having made proper provision for the winding up of the affairs of the Authority and each of the Programs operated by the Authority, the Authority shall distribute the net assets of the Authority as follows:
 - a. The net remaining assets of the Property/Liability Joint Protection Program shall be paid on a pro rata share basis to each Member who is a member of said Joint Protection Program at the time of termination of the Authority. A Member's pro rata share shall be in the same proportion as the total Contributions and Assessments paid by that Member to said Joint Protection Program or its predecessor in interest from its inception in 1986 and continuing throughout said Member's period of participation bears to the total Contributions and Assessments paid to said Joint Protection Program and its predecessors in interest during its period of operation by all members of said Joint Protection Program at the time of termination.
 - b. The Authority shall pay to each Member who is a member of the Workers' Compensation Coverage Joint Protection Program at the time of termination its pro rata share of the net remaining assets of said Joint Protection Program. A member's pro rata share shall be in the same proportion as the total Contributions and

Assessments paid by that Member to said Joint Protection Program and its predecessor in interest offered by SDWCA, from its inception in 1982 and continuing throughout that Member's participation, bears to the total Contributions and Assessments paid to said Joint Protection Program and its predecessors in interest offered by SDWCA, during its period of operation by all members of said Joint Protection Program at the time of termination.

- c. The Authority shall pay to each Member who is a member of any additional Program, excluding the Health Benefits Program operated by the Authority at the time of termination its pro rata share of the net remaining assets of said Program. A Member's pro rata share shall be in the same proportion as the total Contributions and Assessments paid by that Member to such Program during its period of participation bears to the total Contributions and Assessments paid to that Program during its entire period of operation by all Members of that Program at the time of termination.
2. The Board of Directors is also vested with the power to terminate individual Programs operated by the Authority without terminating the Agreement or terminating the Authority. In the event of termination of a Program operated by the Authority, said Program shall continue to exist for the purpose of paying or making provision for the payment of all known claims arising within said Program; for insuring, reinsuring or making other provision for the payment of any and all unknown claims covered by such Program; for the payment of all debts, liabilities, administrative expenses, and obligations of that Program out of the assets of that Program; and to perform all other functions necessary to wind up the business affairs of that Program. After having made proper provisions for the winding up the business affairs of a terminated Program, the Authority shall pay to each Member who is a member of that Program at the time of termination its pro rata share of net remaining assets of that Program. A Member's pro rata share of the net remaining assets of each such terminated Program shall be computed as set forth in paragraph (1) above.
3. In lieu of terminating this Agreement, the Board, with the written consent of two-thirds of the existing Members, may elect to assign and transfer all of the Authority's rights, assets, claims, liabilities and obligations to a successor joint powers authority created under the Act.

ARTICLE IX
PROVISIONS RELATING TO CSDA

1. Board of Directors; Alliance Executive Council

In the event the Alliance Executive Council MOU has been terminated or the Authority has withdrawn from the MOU, two (2) additional directors to be appointed by CSDA shall increase the composition of the Board of Directors. So long as the Authority is a participant in the MOU, the Board shall appoint three (3) members of the Board to serve as members of the Alliance Executive Council.

CSDA is authorized to appoint two (2) directors as provided in the Agreement, the terms of such appointed directors will end on December 31 of the alternate odd-numbered year to coincide with SDRMA's election of the minority number of directors.

Upon the death or resignation of a member of the Board of Directors appointed by CSDA, the vacancy shall be filled for the balance of the unexpired term by appointment by CSDA.

**ARTICLE X
AMENDMENTS; EFFECTIVE DATE**

These Bylaws may be amended at any time by majority vote of the Board of Directors following a 30-day written notice to all Members as to the amendment(s) proposed to be adopted, except that these Bylaws cannot be amended in any way that would conflict with the terms and provisions of the Agreement or successor document and any amendment thereof. Said written notice provided to members shall include notification of the Board meeting date, time and location that action will be taken by the Board on the proposed amendments.

**ARTICLE XI
PRIOR BYLAWS REVOKED**

When approved by the Board of Directors these Bylaws, upon coming effective pursuant to Article X will supersede and replace all prior bylaws.

* * * * *

AYES:

NOES:

ABSTAINED:

ABSENT:

Approved:



Ed Gray, Vice-President - Board of Directors
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

January 4, 2018
Date

Attested:



Gregory S. Hall, ARM, Chief Executive Officer
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

Property/Liability Package Program

Special District Risk Management Authority (SDRMA) offers a straightforward, uncomplicated program for special districts and other public agencies. Coverage documents are broad form manuscript policies written on an “occurrence form” to ensure the highest level of coverage and maximum protection of assets for governmental entities providing municipal services. Established in 1986, this program has a proven reputation for stable, competitive rates, actuarially based fiscal management, and sound underwriting practices. For member agencies that participate in both the SDRMA Property/Liability and Workers’ Compensation Programs, we offer multi-program discounts.

COVERAGE

- General Liability Minimum Limits of \$2.5 Million Per Occurrence (Higher limits available upon request)
- Property Limits \$1,000,000,000 Per Occurrence (pool limit)
- Ancillary coverages are offered on a member-by-member basis
- SDRMA maintains a Self-Insured Retention that is periodically adjusted based on market conditions

CLAIMS MANAGEMENT PROGRAM

SDRMA recognizes that claims management is a critical component and serves as the strength of our risk management program. Under the supervision of Chief Risk Officer, property and liability claims are processed, managed and adjusted “in-house”. Our primary objective is to positively impact the overall cost of property and liability coverages, as well as provide employees and employers fair and equitable claims management and resolution. SDRMA uses state-of-the-art claims management software to provide an accurate up-to-date status of each claim, loss run reports and financial information. Moreover, SDRMA’s role is not to be adversarial, but to create a partnership with its members.

LOSS CONTROL AND PREVENTION PROGRAM

SDRMA believes the key to a successful loss control and prevention program is quality, relevant education. Our members are provided with a variety of loss prevention programs, at no additional cost, including an online certified safety training program, free webinars and training seminars, on-site educational programs (upon request).

MEMBERPLUS SERVICES

Members participate in a complimentary safety management program including:

- Personalized On-line Member Resources – MemberPlus Online™
- State-of-the-Art On-line Safety Training – Vector Solutions™
- Loss Prevention Fund for Reimbursement of Approved Safety Equipment/Training up to \$1,000 per year
- Employment Law Legal Hotline

- On-Site Loss Control Visits and Risk Analysis
- Training Workshops/Webinars (safety, loss prevention, claims handling)
- Contribution-Reduction Credit Incentive Program (CIP)
- Occupational Safety & Health Program
- Safety & Claims Policy Manual
- Monthly Review of Claims Loss Reports
- Ergonomic Evaluations of Work Areas
- Access to Employer Pull Notice Program

RISK MANAGEMENT SERVICES

Property and liability coverage protection is just one component of SDRMA’s overall risk management program. Our risk management program includes risk assessment, risk analysis, risk protection (insurance coverage) and loss control. Asset protection for Agency exposures, assisting in preventing future losses, educating Agency staff, and providing the Agency with access to a risk manager are all elements of the overall risk management program.

ELIGIBILITY REQUIREMENTS

SDRMA’s eligibility requirements provide that member agencies:

- Must be a public agency formed under the California Government Code
- Execute the SDRMA Joint Powers Agreement
- Commit to an initial three program year member enrollment (thereafter coverage may be renewed annually)
- Maintain annual membership in California Special Districts Association (CSDA)

Property/Liability Package Coverage Description

GENERAL LIABILITY

Coverage for Third Party claims and losses arising from members operational exposures for Bodily Injury, Property Damage. Coverage provided for such exposures as: Recreational Activities; Premises Liability; Operational Breaches. Coverage included for Boards, employees and volunteers. Failure to supply and dam failure liability available by endorsement. There are no general liability policy sub-limits. Limit: minimum \$2,500,000 per occurrence. Deductible: None; \$500 (property damage only) per occurrence. *Inverse Condemnation shared limit \$1,000,000.

AUTO LIABILITY

Auto liability coverage protects members from lawsuits for bodily injury and property damages to the public arising out of ownership, maintenance or use of a covered vehicle. Coverage includes: owned vehicles, non-owned and hired vehicles and uninsured motorists. Limit: minimum \$2,500,000 per occurrence. Deductible: None (bodily injury); \$1,000 (property damage) per occurrence.

AUTO PHYSICAL DAMAGE

Auto physical damage (comprehensive and collision) provides protection for damage or loss to a member’s owned vehicle. Comprehensive coverage includes: fire, theft, vandalism, windstorm, hail, flood, glass breakage, damage caused by riot or civil commotion and damage from hitting or being hit by birds and animals. Collision coverage provides coverage for repair or replacement for like kind, type and condition based on actual cash value. Valuation: Actual Cash Value (ACV) or agreed upon value. Deductible: Member selectable \$250 comprehensive/\$500 collision or \$500 comprehensive/\$1,000 collision per occurrence.

PUBLIC OFFICIALS PERSONAL LIABILITY (OUTSIDE COURSE AND SCOPE)

This highly specialized, unique coverage protects elected/appointed officials from claims and settlements arising outside the course and scope of their duties. Coverage includes: invasion of privacy, libel, slander, defamation of character, discrimination, false arrest and malicious prosecution. Limit: \$500,000 per official per year; annual aggregate. Deductible: \$500 per claim.

EMPLOYMENT PRACTICES LIABILITY

Employment practices liability provides coverage for claims and losses arising from “wrongful” employment practices. Coverage includes: wrongful termination, harassment, hostile work environment and discrimination. Limit: minimum \$2,500,000 per occurrence. Deductible: None.

EMPLOYEE BENEFITS LIABILITY

Employee benefits liability coverage for claims and settlements resulting from the negligent administration of employee benefit plans. Limit: minimum \$2,500,000 per occurrence. Deductible: None.

EMPLOYEE AND PUBLIC OFFICIALS DISHONESTY

Employee and Public Officials Dishonesty is coverage protection for member losses resulting from fraudulent or dishonest acts committed by employees, volunteers or board members. Coverage includes: larceny, theft, embezzlement, forgery and wrongful misappropriation. Limit: \$1,000,000. Deductible: None.

EMPLOYEE AND PUBLIC OFFICIALS ERRORS AND OMISSIONS

Public officials and employee’s errors and omissions coverage for “wrongful acts”, alleged or actual negligence, errors or omissions, breach of duty, misfeasance, and malfeasance, nonfeasance and defamation. Limit: minimum \$2,500,000 per occurrence. Deductible: None.

PROPERTY COVERAGE (INCLUDING FLOOD AND MOBILE/CONTRACTORS EQUIPMENT)

Property coverage provided for the replacement cost value of reported building and contents. Additional extensions provided for accounts receivable, builders’ risk, business interruption, commandeered property, cost of construction, debris removal, electronic data processing, extra expense, fine arts (appraised value), flood coverage (annual aggregate), terrorism,

pollution clean-up (related to property loss), personal property of others and valuable papers. Property Coverage Valuation: replacement cost (without depreciation). Mobile/Contractors Equipment Valuation: actual cash value. Limit: \$1,000,000,000, no annual aggregate. Deductible: \$1,000 per occurrence.

BOILER AND MACHINERY

Boiler and machinery coverage is provided for the “sudden and accidental” breakdown of mechanical and electrical machinery. Coverage includes: expediting expenses, business income, extra expense, spoilage, water damage, ammonia contamination, hazardous substances, error in description and newly acquired property. Limit: \$100,000,000 repair/replacement. Deductible: Varies based on KW/KVA/AMPS, per occurrence.

ANCILLARY COVERAGES

Ancillary coverages are available on a member-by-member basis (such as: earthquake, cyber).

CREDIT INCENTIVE PROGRAM

Members are able to reduce their auto and general liability net premiums through Special District Risk Management Authority Property/Liability Credit Incentive Program. Credit incentives up to 15% of the auto and general liability net contribution can be earned for completion of approved program criteria guidelines.

This information is provided as a general description only and is not intended to supersede specific policy documents. In the event of a conflict in language, the policy(ies) will be the controlling document.

CONTACT INFORMATION:

Wendy Tucker, AU

Member Services Manager
SDRMA
1112 “I” Street, Suite 300
Sacramento, California 95814
Telephone: 800-537-7790
Direct: 916-231-4119
Email: wtucker@sdrma.org



Agenda Item No: 4b

Meeting Date: March 14, 2024

Cities Association of Santa Clara County Agenda Report

To: BOARD OF DIRECTORS

Prepared by: Shali Sirkay, Executive Director

TOPIC: Insurance Coverage Options for Cities Association of Santa Clara County (CASCC)
SUBJECT: Consideration/Recommendation to select? of Special District Risk Management Authority (SDRMA) to provide insurance coverage to CASCC

RECOMMENDATION:

Authorize the Executive Director to initiate process of obtaining a formal insurance quote from SDRMA

BACKGROUND:

The CASCC officially became a Joint Powers Authority (JPA) on February 1, 2024, and is thus governed by the Joint Exercise of Powers Act (Cal. Gov. Code § 6500, et seq.). State law has very specific requirements for JPAs, including obtaining insurance coverage. Over the past few months, staff has been speaking to several agencies and insurance brokers to investigate available coverage, cost and any eligibility requirements. Insurance entities would not give a firm quote unless we went through a formal underwriting process; thus, approximate estimates were requested from these entities. A final price quote will be provided once the application with the selected insurance provider is completed.

To get these estimates, potential insurance coverage providers were given the following parameters:

- CASCC does not own any property, nor does it have trees to maintain on its properties
- CASCC does not operate or own any vehicles, trailers, or contractor equipment
- CASCC does not have salaried staff; all professional services are provide by independent contractors. CASCC does not offer any services (such as fire districts do)
- CASCC does not buy or sell any goods
- Since we are a new agency, CASCC does not have any property/liabilities losses or previous claims to report (nothing as pertains to the former unincorporated CASCC entity can be included here)

Two Independent insurance brokers both agreed that at a minimum, insurance coverage should include:

1. General Liability
2. Criminal Acts Liability
3. Errors and Omissions

SUMMARY OF INSURANCE CONVERAGE RESEARCH:

Special District Risk Management Authority (SDRMA)

Staff spoke to Wendy Tucker from SDRMA, a JPA that provides a full-service risk management program for California’s local governments, including comprehensive insurance coverage program to public agencies such as JPAs. To obtain an estimate without undergoing a formal underwriting process, staff filled out a preliminary application form. SDRMA came back with an estimate (not a formal quote) of \$3473-\$4173 per year, plus the requirement that CASCC join the California Special Districts Association (CSDA) at an additional cost of \$1281 per year.

SDRMA’s estimate is the lowest because it is a risk management pool, but also offered the most insurance coverage for that amount. The estimate includes the following coverages:

1. General Liability
2. Auto Liability
3. Public Officials Personal Liability
4. Employment Practices Liability
5. Employee Benefits Liability
6. Employee and Public Officials Dishonesty (Crime Coverage)
7. Employee and Public Officials Errors and Omissions

If the Board wishes to move forward with SDRMA as CASCC’s insurance provider, staff will find out whether the cost of the insurance coverage could be further reduced if we removed #5 “Employee Benefits Liability.”

For an added cost, SDRMA can also provide:

1. Auto Physical Damage
2. Property Coverage
3. Boiler and Machinery
4. Cyber Security
5. Ancillary Coverages as necessary

SDRMA requires a 3-year commitment. This is beneficial to CASCC because many organizations and businesses are losing their insurance because of a determination that certain aspects of coverage in California is very high risk (for example, fire insurance). Also, being a JPA and subject to re-assessment, the fluctuations in the annual cost of the SDRMA insurance would not be drastic.

California Intergovernmental Risk Authority (CIRA)

CIRA is also a JPA like SDRMA, providing comprehensive coverage to cities, towns and non-municipal public agencies. However, since they handle more high risk entities, such as fire districts, their premiums will be much higher. Staff spoke to CIRA agent Erike Young, who advised that CIRA would be “overkill” for an organization considered as low risk as CASCC has. He said that CIRA’s coverage would be \$20,000/year because we’d be sharing risk with other higher risk entities whose coverage would be in the millions of dollars. Staff ruled out CIRA as an option very early.

Private Insurance Brokers

Staff spoke to Conor Boughey from Alliant and Christian Mello from George Petersen Insurance Agency. Both offer a Special Liability Insurance Program (SLIP). However, when told that SDRMA was offering an estimate around \$5481 (\$4200 estimate + \$1281 CSDA membership), both said that they would not be able to come close to that estimate. Mr. Boughey said that he wouldn’t be able to offer too much below \$10,000. Mr. Mello said that even if he were able to offer a quote around \$6000, it would only cover general liability, errors and omissions, and crime coverage (criminal acts). Mr. Mello, upon learning more about CASCC but before offering his approximate estimate, said that he would recommend that we use SDRMA.

Conclusion:

Staff obtained preliminary estimates from two different types of providers- two JPAs and two insurance brokers. The JPAs are self-insured, so may be able to offer a better price for insurance, but as the JPA is re-assessed, the cost of the insurance could fluctuate. The insurance brokers would be able to offer CASCC a fixed price, but that price would be higher than that offered by SDRMA. All agreed that CIRA would cost too much money for how little risk CASCC presents.

RECOMMENDATION:

Staff recommends that CASCC pursue insurance coverage with SDRMA. From an insurance coverage perspective, CASCC is a very low risk entity. SDRMA offers CASCC the most comprehensive package of liability coverages also at the best price. Though SDRMA will require an additional cost of \$1281 for CSDA membership, staff was told that CSDA is a good organization to belong to given the resources they offer their members.

FISCAL IMPACT:

Approximately \$5481 (\$4200 estimate + \$1281 CSDA membership) per year for three years minimally, with the understanding that the amount will fluctuate slightly per year.

OPTIONS:

The Board of Directors has the following options to consider on this matter:

1. Staff's recommended action to initiate the process of obtaining a formal quote from SDRMA
2. Direct staff to investigate other insurance options

ATTACHMENT:

1. SDRMA Property/Liability Package Program with summaries of each type of coverage offered