



**Lou Ann Teixeira**  
*Executive Officer*

**MEMBERS**

<b>Helen Allen</b> <i>City Member</i>	<b>Dwight Meadows</b> <i>Special District Member</i>
<b>Federal Glover</b> <i>County Member</i>	<b>David A. Piepho</b> <i>Special District Member</i>
<b>Martin McNair</b> <i>Public Member</i>	<b>Rob Schroder</b> <i>City Member</i>
<b>Gayle B. Uilkema</b> <i>County Member</i>	

**ALTERNATE MEMBERS**

<b>William Bristow</b> <i>Public Member</i>
<b>George H. Schmidt</b> <i>Special District Member</i>
<b>Mary N. Piepho</b> <i>County Member</i>
<b>Don Tatzin</b> <i>City Member</i>

June 10, 2009 (Agenda)

June 10, 2009  
Agenda Item 8

Contra Costa Local Agency Formation Commission  
651 Pine Street, Sixth Floor  
Martinez, CA 94553

### Participation in Special District Risk Management Authority

Dear Commissioners:

#### RECOMMENDATIONS

1. Authorize the LAFCO Chair and Executive Officer to sign and process documents necessary to secure Workers' Compensation, Property and Liability insurance through Special District Risk Management Authority (SDRMA); and
2. Adopt the following resolutions:
  - a. Resolution No. 2009-1 Approving the Form of and Authorizing the Execution of a Sixth Amended Joint Powers Agreement and Authorizing Participation in the SDRMA Property/Liability and Workers' Compensation Programs, substantially in the form of Attachment 1.
  - b. Resolution No. 2009-2 Authorizing Application to the Director of Industrial Relations, State of California for a Certificate of Consent to Self-Insure Workers' Compensation Liabilities, substantially in the form of Attachment 3.

#### BACKGROUND

In LAFCO's ongoing efforts to establish its independence, the Commission recently entered into a formal lease agreement with the County for LAFCO office space. Execution of the lease agreement raised questions regarding LAFCO's insurance coverage. Historically, LAFCO received insurance coverage under the County's insurance policies. However, it was recently determined by County Risk Management that LAFCO should seek separate insurance coverage.

LAFCO staff, with assistance from the County Risk Manager and Alliant Insurance Services, solicited quotes from several insurance providers, including State Compensation Insurance Fund, Specialty Liability Insurance Program and SDRMA. Insurance opportunities are somewhat limited due to cost factors and the small size of LAFCO.

The SDRMA is a joint powers public agency formed under California Government Code Section 6500 et seq. and provides a full-service risk management program for California's local governments. The SDRMA provides risk financing and risk management services, through a financially sound pool, to 760 member agencies, including numerous special districts, municipalities, joint powers authorities and 17 LAFCOs.

A summary of the insurance coverage is presented in Attachments 4 and 5. The estimated annual cost for Workers' Compensation and Property/Liability insurance through SDRMA for FY 2009-10 is \$1,151 and \$4,622, respectively. While these costs are significantly higher than the premiums paid to the County, they represent the most favorable quotes received.

In addition to costs associated with the insurance coverage, LAFCO will be required to join the California Special Districts Association (CSDA). The annual membership fee for FY 2009-10 is \$860.

## FINANCING

Adequate funding associated with Workers' Compensation and Property/Liability insurance and associated CSDA membership fees are included in the FY 2009-10 LAFCO budget.

Please contact the LAFCO office if you have any questions.

Sincerely,

Lou Ann Texeira  
Executive Officer

### Attachments:

1. Resolution Approving the Form of and Authorizing the Execution of the Sixth Amended Joint Powers Agreement and Authorizing Participation in the Special District Risk Management Authority Property/Liability and Workers' Compensation Programs
  2. Sixth Amended Joint Powers Agreement Relating to the Special District Risk Management Authority
  3. Resolution Authorizing Application to the Director of Industrial Relations, State of California for a Certificate of Consent to Self-Insure Workers' Compensation Liabilities
  4. Summary of Property and Liability Program
  5. Summary of Workers/ Compensation Program
- c: Ellen Mirabal Doughty, SDRMA  
County Risk Manager  
County Auditor-Controller

## RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE BOARD OF DIRECTORS OF (AGENCY NAME HERE) 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 PROPERTY /LIABILITY PROGRAM and WORKERS' COMPENSATION  
PROGRAMS**

**WHEREAS, (Agency Name Here)**, a special district 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 and workers' compensation 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/Liability Program and Workers' Compensation 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**  
**1<sup>st</sup> Amended February 5, 1988**  
**2<sup>nd</sup> Amended March 31, 1990**  
**3<sup>rd</sup> Amended July 1, 1993**  
**4<sup>th</sup> Amended February 9, 1998**  
**5<sup>th</sup> Amended and Restated**  
**- Approved March 24, 2003**  
**- Effective July 1, 2003**  
**6<sup>th</sup> Amended October 2, 2007**

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**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.

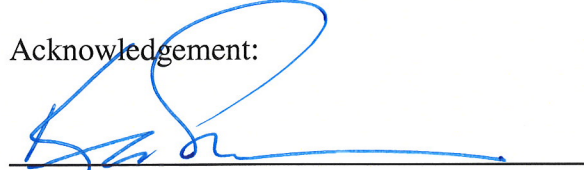
**Article 31. California Law.** This Agreement shall be governed by the laws of the State of California.

**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.

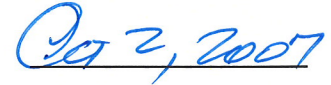
**Article 33. Effective Date.** This Agreement shall become effective as to existing Members of the Authority on the date on which the last of two-thirds of such Members have executed this Agreement.

**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



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



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:** Contra Costa Local Agency Formation Commission

By: \_\_\_\_\_ **President**

By: \_\_\_\_\_ **Clerk**

**Date:** June 2009

**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: \_\_\_\_\_  
Ken Sonksen, President  
Board of Directors

Date: \_\_\_\_\_

RESOLUTION NO.: \_\_\_\_\_ DATED: \_\_\_\_\_

**A RESOLUTION AUTHORIZING APPLICATION  
TO THE DIRECTOR OF INDUSTRIAL RELATIONS, STATE OF CALIFORNIA  
FOR A CERTIFICATE OF CONSENT TO SELF INSURE  
WORKERS' COMPENSATION LIABILITIES**

At a meeting of the Board of \_\_\_\_\_  
(enter title)

of the \_\_\_\_\_,  
(enter name of public agency, district)

a \_\_\_\_\_ organized and existing under the laws of the State of California,  
(enter type of agency)

held on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, the following resolution  
was adopted:

**RESOLVED, that the** \_\_\_\_\_  
(enter position titles)

**be and they are hereby severally authorized and empowered to make application to the Director of Industrial  
Relations, State of California, for a Certificate of Consent to Self Insure workers' compensation liabilities  
on behalf of the**

\_\_\_\_\_  
(enter name of district)

**and to execute any and all documents required for such application.**

I, \_\_\_\_\_, the undersigned \_\_\_\_\_  
(enter name) (enter title)

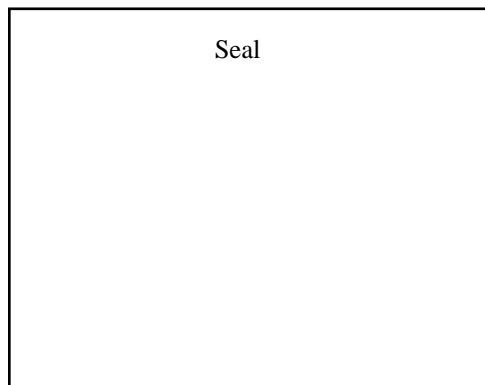
of the Board of the said \_\_\_\_\_,  
(enter name of agency)

a \_\_\_\_\_, hereby certify that I am the \_\_\_\_\_  
(enter type of agency) (enter title)

of said \_\_\_\_\_, that the foregoing is a full, true and correct copy of the  
(enter type of agency)

resolution duly passed by the Board at the meeting of said Board held on the day and at the place therein specified  
and that said resolution has never been revoked, rescinded, or set aside and is now in full force and effect.

**IN WITNESS WHEREOF: I HAVE SIGNED MY NAME AND AFFIXED THE SEAL OF THIS**



\_\_\_\_\_,  
(enter type of agency)

THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
(Signature)

## Property and Liability 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.

### COVERAGE

- General Liability Limits \$2.5 Million - \$10 Million Per Occurrence (Higher limits available upon request)
- Property Limits \$1,000,000,000 Per Occurrence
- 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 Dennis Timoney, property and liability claims are processed, managed and adjusted “in-house”. Our primary objective is to prevent employee injuries and 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, a minimum of three training seminars annually, on-site educational programs (upon request) and access to a library containing more than 130 training videotapes.

### VALUE ADDED SERVICES

Members participate in a complimentary safety management program including:

- Online Certified Safety Training Program
- On-site Risk Management, Assessment and Loss Control Visits
- Contract Review and Risk Analysis
- Policy Manuals on Safety and Risk Management Issues
- Defensive Driver Training Courses
- DMV Records Review
- Risk Management Videotape Library
- Property Valuations
- Special Events Liability Assistance
- Safety Education and Training Seminars

### 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, monitoring the Agency’s regulatory environment 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-year member enrollment (thereafter coverage may be renewed annually)
- Maintain annual membership in California Special Districts Association (CSDA)

Please do not hesitate to call Special District Risk Management Authority at 800.537.7790, should you have any questions.

## Property and Liability Package Coverage Description

### GENERAL LIABILITY

General liability coverage provides protection for claims and losses arising from third-party personal injury, bodily injury and property damages. Coverage includes: subsidence (associated with main leaks and breaks), sudden and accidental release of chlorine, water and wastewater as a completed product (not pollution), failure to supply, sewer overflow/backups, hazardous material loading/unloading, volunteers/employees and inverse condemnation and dam failure liability (by endorsement). There are no general liability policy sublimits. Defense costs are outside policy limits. Limit: \$2,500,000 per occurrence; no annual aggregate. Deductible: None; \$500 (property damage only) per occurrence.

### 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: \$2,500,000 per occurrence; no annual aggregate. 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.

### ELECTED OFFICIALS PERSONAL LIABILITY PROTECTION (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, sexual harassment and discrimination. Limit: \$2,500,000 per occurrence; annual aggregate. Deductible: None.

### EMPLOYEE BENEFITS LIABILITY

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

### EMPLOYEE AND OFFICIALS FIDELITY BLANKET BOND

Employee and officials fidelity blanket bond provides 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: \$400,000. Deductible: None.

### PUBLIC OFFICIALS ERRORS AND OMISSIONS

Public officials errors and omissions coverage for public officials' and director's "wrongful acts", alleged or actual negligence, errors or omissions, breach of duty, misfeasance, malfeasance and nonfeasance, and defamation. Limit: \$2,500,000 per occurrence; annual aggregate. Deductible: None.

### PROPERTY COVERAGE (INCLUDING FLOOD AND MOBILE EQUIPMENT)

Property coverage provided for the replacement cost value of building and contents. Additional extensions provided for accounts receivable, builders risk, business interruption, commandeered property, cost of construction, debris removal, electronic data processing (items not scheduled) extra expense, fine arts (appraised value), flood coverage (annual aggregate), pollution clean-up (related to property loss), personal property of others and valuable papers. Valuation: replacement cost (without depreciation). Limit: \$1,000,000,000, no annual aggregate. Deductible: \$2,000 per occurrence.

### **BOILER AND MACHINERY**

Boiler and machinery coverage provides coverage 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: \$1,000 per occurrence.

### **ANCILLARY COVERAGES**

Ancillary coverages are available on a member-by-member basis (such as: pollution liability and earthquake).

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

## Workers' Compensation Program

Special District Risk Management Authority (SDRMA) offers an alternative workers' compensation program for special districts and other public agencies. Established in 1982, this program has a proven reputation for stable, competitive rates, actuarially based fiscal management and sound underwriting practices. Moreover, responsive claims management and cost containment, combined with tailored safety and loss prevention, provides members an unequaled full-service workers' compensation program.

### COVERAGE

- Statutory Workers' Compensation
- \$5 Million Employer's Liability
- Zero Member Deductible
- SDRMA maintains a Self-Insured Retention that is periodically adjusted based on market conditions

### CLAIMS MANAGEMENT PROGRAM

Our primary objective is to prevent employee injuries and positively impact the overall cost of workers' compensation coverage, as well as provide employees and employers fair and equitable claims management and resolution. Under the supervision of Special District Risk Management Authority Claims and Chief Risk Officer, Gregory B. Bragg & Associates, Incorporated (Bragg) provides members efficient claims management.

SDRMA takes a very proactive approach to claims management. We believe claims management and handling are critical components of risk management and are the strength of our program. Our philosophy and established practice is to work with and on behalf of our members to satisfactorily resolve claims, not only within the self-insured retention level, but also with the excess insurance carrier.

### LOSS CONTROL AND PREVENTION PROGRAM

Each new member will receive a comprehensive on-site safety analysis by a certified safety professional and will be provided a written safety report. Additionally, we provide our members with a safety claims procedure manual and training sessions to assist with preliminary claims processing. Our claims management team evaluates reported claims to determine coverage and liability, and if needed, coverage counsel reviews claims. All claims activity is closely communicated and discussed with our members. SDRMA and Bragg use state-of-the-art claims management software to provide accurate up-to-date claims information, including loss run reports and payment activity.

### VALUE ADDED SERVICES

Members participate in a complimentary safety management program including:

- Online Certified Safety Training Program
- Monthly Safety Management Meeting Materials
- Occupational Safety and Health Program
- Hazard Identification Survey Manual
- Safety and Claims Policy Manuals
- On-site Safety Inspection
- Comprehensive Safety Report and Analysis
- Monthly Review of Claims Loss Reports
- Ergonomic Evaluations of Work Areas
- Variable Discount of Premium for Participation in Safety Management Programs
- Risk Management and Claims Training Workshops
- Safety and Risk Management Video Library

### CREDIT INCENTIVE PROGRAM

Members are able to reduce their workers' compensation premiums through Special District Risk Management Authority Workers' Compensation Credit Incentive Program. Credit incentives up to 15% of the workers' compensation contribution can be earned for completion of approved program guidelines.

*SDRMA is committed to establishing a strategic partnership with our members...*

## PAYROLL AUDIT

Payroll audits are not required. They may however, be performed periodically by random selection of an account. However, all accounts are required to annually submit copies of their Employment Development Department quarterly payroll tax report (form DE-6) and the Internal Revenue Services quarterly payroll tax report (form 941) for the fiscal year ending June 30. SDRMA Member Services will provide an audit packet to the agency in early July to be completed and returned to SDRMA by the second week in August.

## 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-year member enrollment (thereafter coverage may be renewed annually)
- Maintain annual membership in California Special Districts Association (CSDA)
- Have at least one full-time employee on staff

CSDA's annual dues are based on the Agency's annual operating budget defined as the total budget less principal and interest on long-term debt, less one-time grants and less reserves set aside for future expenditures.

## PREMIUM AND PAYMENT TERMS

SDRMA's workers' compensation program policy period for all accounts is July 1 through June 30. Payments are billed quarterly based on estimated payroll. For new members, the first quarter is pro-rated based on the policy effective date followed by equal quarterly payments. Quarterly invoices are billed and payable as follows:

QUARTERLY SCHEDULE	INVOICE DATE	DUE DATE
1st Quarter: July 1 – September 30	Third Week in May	Last Day in June
2nd Quarter: October 1 – December 31	Third Week in August	Last Day in September
3rd Quarter: January 1 – March 31	Third Week in November	Last Day in December
4th Quarter: April 1 – June 30	Third Week in February	Last Day in March

## CONTACT INFORMATION

### Ellen Mirabal Doughty or Greg Hall

Special District Risk Management Authority

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Sacramento, California 95814

Toll-free: 800.537.7790

Direct line: 916.231.4141

Fax: 916.231.4111

Ellen Mirabal Email [edoughty@sdrma.org](mailto:edoughty@sdrma.org)

Doughty:

Greg Hall: Email [ghall@sdrma.org](mailto:ghall@sdrma.org)

Website: [www.sdrma.org](http://www.sdrma.org)