

**DIABLO COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING AGENDA
TELECONFERENCE VIA THE APPLICATION ZOOM
TUESDAY, May 12, 2020 7:30 p.m.**

CORONAVIRUS DISEASE (COVID-19) ADVISORY AND MEETING PROCEDURE

On March 19, 2020 the Governor issued Executive Order N-33-20, ordering all residents in the State of California to shelter at their place of residence, with the exception of those who may leave to provide or receive critical services, as defined in Order N-33-20.

Under the Governor's Executive Order N-29-20, Diablo Community Services District may utilize teleconferencing for their meetings, as a precaution to protect the health and safety of staff, officials, and the general public. Board members will be participating via teleconference. As such, there will be no physical location for members of the public to participate in this meeting.

All members of the public seeking to observe and/or address the Board may participate in the meeting in the manner described below.

This meeting can be viewed on the web-video communication platform Zoom.

ZOOM WEBSITE: <https://zoom.us/j/4680449859>
MEETING ID: **468 044 9859**

Listen to the meeting live by calling Zoom.

CALL IN (AUDIO) PHONE NUMBER: Call **(346) 248-7799** or **(669) 900-9128** and enter the Meeting ID# 468 044 9859 followed by the pound (#) key. More numbers can be found at <https://zoom.us/uabb4GNs5xM> if the line is busy.

To submit public comments before the meeting, please email your comments to generalmanager@diablocsd.org. In the body of the email, include the agenda item number and title as well as your comments. All comments must be received before 12:00 PM the day of the meeting to be included. If you would like your emailed comment to be read aloud at the meeting (not to exceed 3 minutes at staff's cadence) prominently write "Read Aloud at Meeting" at the top of the email. During the meeting, the Board President or designee will announce the opportunity to make public comments and the procedure for doing so. Emailed comments received after the close of the public comment period will be added to the record after the meeting.

BUSINESS MEETING:

CALL TO ORDER: **President: Ray Brant**
ROLL CALL: **Secretary: Jeff Eorio**

Brant, Urbelis, Becker, Eorio, Isom

PUBLIC COMMENTS: *Public comments will be taken on any subject including items on this agenda and are limited to 3 minutes per person when speaking in English, and 6 minutes per person when using a translator. Comments by the audience are not intended to result in a dialogue between members of the audience or between the audience and the Board. Please note that under Brown Act regulations, no member of the Board may engage in any discussion, other than a brief comment or request for clarification, of any item raised by any member of the audience unless that item is included as an agenda item.*

1. DISCUSSION ITEMS:

- a) Review of Draft FY21 Budget, to be approved at the June 9th Regular Meeting.

2. **ACTION ITEMS:**

- a) Approve minutes of March 10, 2020 Regular Meeting.
- b) Approve *Resolution 2020-01*, authorizing the Measure B Special Tax rates for FY21. (Improved lots - \$702.59, Unimproved lots - \$135.86, Country Club - \$24,872.46). The FY21 rates include a 3% COLA, as permitted by Measure B, added to FY20 rate.
- c) Authorize the General Manager to further discuss the terms of the agreement and/or execute a 3-year contract with Eide Bailly to conduct the District's FY20, 21 & 22 financial audits for \$9,600 annually.
- d) Authorize Director Brant to further discuss the terms of the agreement and/or execute a contract with ENGEO not to exceed \$8,000, to prepare scope of work and RFP to be sent to contractors for road work in FY21. Contractor proposals will be reviewed and voted on at the June 9th Regular Meeting.
- e) Approve *Resolution 2020-02*, authorizing Director Becker and the General Manager to negotiate and execute a 3-year contract with GSRMA (Golden State Risk Management Authority) joint powers to provide general liability, umbrella, property and directors & officers insurance to the District effective July 1.

3. **REPORTS**

CONTRA COSTA COUNTY:	Alicia Nuchols
DIABLO COUNTRY CLUB:	Hank Salvo
DIABLO PROPERTY OWNERS:	Dana Pingatore
ROADS:	Directors Becker & Brant
SECURITY:	Deputy Sheriff Dan Buergi

4. **CALL OF NEXT MEETING & ADJOURNMENT:** The next DCSD Regular Board meeting is scheduled for June 9, 2020 at 7:30 p.m. Location will be posted on the DCSD website www.diablocsd.org.

Diablo Community Services District by
Kathy Torru, General Manager
generalmanager@diablocsd.org

Visit the District website at www.diablocsd.org to view the agenda attachments.

DCSD Board Meetings are accessible to people with disabilities and others who need assistance. Individuals who need special assistance or a disability-related modification or accommodation (including auxiliary aids or services) to observe and/or participate in this meeting; or who have a disability and wish to request an alternative format for the agenda, meeting notice, agenda packet, or other writings that may be distributed at the meeting should contact the General Manager at least one working day before the meeting at (925) 683-4956 or generalmanager@diablocsd.org. Notification in advance of the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting and the materials related to it. Public records that relate to any item on the open session agenda are available for public inspection by contacting the General Manager and on the District's website <http://diablocsd.org>.

Diablo Community Services District
Budget Assumptions
FY 2020-21

The DCSD is a Calif Special District responsible for providing security and maintain roads, bridges and culverts within Diabl
The District is able to provide these services with funding from ad valorem (property tax) revenue collected by the County
and Measure B Special Tax funds that were approved by 2/3rds of the voters of Diablo in March 2018

Revenue	<p>Ad Valorem - The Covid crisis is expected to put pressure on property values and ad valorem tax revenue so we have lowered the future growth of ad valorem tax revenue from 3% to 2%. Over the past 5 years the ad valorem revenue increases averaged 6% however during the 2008 recession we saw ad valorem tax revenue decrease by 1%.</p> <p>Special Tax - The Special Tax rate has a built-in cola of 3%. We do not intend to reduce the annual increase due to the Covid crisis because our security and road costs will continue to rise and if property values decrease this revenue will be critical to balance the District's budget.</p>
Security	<p>District security is provided by the Contra Costa Sheriff's Department. 1 full-time deputy at 50 hours a week with a 5% annual cost increase. 20 hours of overtime monthly from March through September to enforce stop sign adherence. Replace cruiser in Spring 2022. Current cruiser purchased in Spring 2016.</p>
Roads, Culverts & Bridges	<p>In the summer of 2020 we will grind and pave all remaining roads within the District (Palma Vista, Calle Los Callados, Canada Via, El Centro, Verde Del Ciervo, Bella Vista, Calle Del Casarillo, Campo Pelota, El Nido Ct and Club House Rd) except for upper Alameda Diablo, which will be ground and paved in FY22. The cost of the grind and pave and the oversight of the work is anticipated to be \$600k.</p> <p>In the fall of 2020 we will line and repair those culverts that are at greatest risk of failure at a cost of \$185k.</p> <p>In the spring of 2021 we will reinforce the two wood bridges at a cost of 35k.</p> <p>In July 2020 we will repair the Kay Trail retaining wall and perform other much needed maintenance to increase trail safety for a cost of \$8k.</p> <p>Perform storm patrols and emergency repairs as needed.</p>
Professional	<p>Project 30 hours of general manager hours a month and 15 hours of General Counsel a month at a cost of \$3k and \$4.5K, respectively. No new litigation anticipated. Existing litigation is covered by insurance carrier, except for General Counsel.</p> <p>We renegotiated our audit contract with Eide Bailly and reduced the audit cost from \$10.4k to \$9.6k for FY20, 21 and 22. In exchange for the cost reduction we agreed to have the audit performed in January and the audit report submitted to the Board in February.</p> <p>Other professional expenses consist of an accountant at \$300 per month, CSDA membership at a cost of \$2,000 annually and LAFCO fees of \$450 annually.</p> <p>Insurance program is projected to change July 1st from a multiple commercial carrier format at a cost of \$18k (which we anticipate to jump significantly at renewal and we anticipate having to find a new GL carrier in October) to a joint powers' authority 3-yr program at a cost of \$19k per year. We are in negotiations with GSRMA (Golden State Risk Management Authority) to become a member.</p> <p>Software consists of QuickBooks and GoDaddy domain, website and email products and annual costs run between 1k and 2k depending on contract length.</p>
Administration	<p>Administrative expenses include storage unit rental, PO box rental and annual vegetation notice. Budget figures are consistent with 2020 actual expense.</p>
Cash	<p>Cash balances at the end of fiscal year 2020 and 2021 will be approx. \$988k and \$480k. The District's goal is to maintain a cash balance of at least \$500K to be able to respond to any road, bridge or culvert emergency repair or additional security needs.</p>

Diablo Community Services District
2020-21 Draft Budget

July 1st thru June 30th	2021 Budget					Actual/Est 2019-2020	Actual 2018-2019	Actual 2017-2018
	Q1	Q2	Q3	Q4	YTD			
Income Statement								
Revenue								
Ad Valorem Tax	0	270,300	0	221,155	491,455	480,342	468,755	444,570
Special Tax	0	165,541	0	135,443	300,984	292,607	283,709	244,460
Traffic Fines	1,000	1,000	1,000	1,000	4,000	4,095	3,001	1,729
Other Income	0	0	0	0	0	-	-	-
Interest Income	0	0	0	0	0	32	19	55
Total Revenue	1,000	436,841	1,000	357,597	796,438	777,076	755,484	690,814
Expenses-Recurring								
Security								
Security / Sheriff	86,160	81,000	82,720	86,160	336,040	302,730	299,689	373,557
Auto Repairs					0			-
Other (office computer/cell)	0	0	2,500	0	2,500	-	1,191	-
Total Security	86,160	81,000	85,220	86,160	338,540	302,730	300,880	373,557
Road Maintenance								
Road Maintenance	600,000	0	0	0	600,000	15,193	8,945	9,004
Bridge-Culvert Maintenance	0	185,000	0	35,000	220,000	41,612		2,180
Bridge Engineering/Consulting	0	0	0	0	0			-
Storm Patrol & Emerg Response	0	3,000	2,000	0	5,000	2,640	7,428	1,766
Trail Maintenance	8,000	0	0	0	8,000	-	1,200	2,464
Total Road Maintenance	608,000	188,000	2,000	35,000	833,000	59,445	17,573	15,414
Professional								
General Manager	9,000	9,000	9,000	9,000	36,000	18,225	25,366	24,750
Legal	13,500	13,500	13,500	13,500	54,000	(236,016)	247,437	227,670
Audit	0	0	9,600	0	9,600	9,900	9,900	9,250
Other Professional	1,350	3,200	900	900	6,350	6,532	5,018	8,842
Software	120	1,010	0	0	1,130	1,880		
County/State Notices and Fees	0	0	860	50	910	-	832	162
Insurance	20,000	0	0	0	20,000	18,269	16,238	20,591
Total Professional	43,970	26,710	33,860	23,450	127,990	(181,210)	304,791	291,265
Administrative								
Administrative	150	0	50	1,900	2,100	119	1,628	2,161
Depreciation	2,266	2,141	2,141	2,141	8,688	8,732	9,063	9,063
Miscellaneous	0	2,750	0	0	2,750	2,445	3,070	3,851
Total Administrative	2,416	4,891	2,191	4,041	13,538	11,296	13,761	15,075
Total Recurring Expenses	740,546	300,601	123,271	148,651	1,313,068	192,261	637,005	695,311
Net Income	(739,546)	136,240	(122,271)	208,946	(516,630)	584,815	118,479	(4,497)
Capital Reserves								
New Sheriff Cruiser reserve	3,000	3,000	3,000	3,000	12,000			
Culvert Reserve	0	20,000	0	10,500	30,500			
Reserve for Bridge Replacement	15,000	15,000	15,000	15,000	60,000			
Total Capital Reserves	18,000	38,000	18,000	28,500	102,500			
Ending Cash Position	250,732	389,113	268,983	480,070	480,070			

Diablo Community Services District
7 Year Budget
FY 2021-2027

		Actual/Est	Budget						
		2020	2021	2022	2023	2024	2025	2026	2027
Beginning Cash Position		394,465	988,012	480,071	250,151	530,884	584,094	636,128	660,169
Cash Source									
AD Valorem Tax	2%	480,342	491,455	501,284	511,309	521,536	531,966	542,606	553,458
Special Tax	3%	292,607	300,984	310,013	319,314	328,893	338,760	348,923	359,390
Traffic Fines		4,095	4,000	1,200	1,200	1,200	1,200	1,200	1,200
Interest		32	-	-	-	-	-	-	-
Total Revenue		<u>777,076</u>	<u>796,438</u>	<u>812,497</u>	<u>831,823</u>	<u>851,629</u>	<u>871,926</u>	<u>892,728</u>	<u>914,048</u>
Cash Use									
Sheriff Security	5%	302,730	338,540	355,467	373,240	391,902	411,497	432,072	453,676
Other		-	-	-	-	-	-	-	-
Road Maintenance		15,193	600,000	475,000	25,000	250,000	250,000	275,000	275,000
Bridge-Culvert Maintenance		41,612	220,000	-	-	-	-	-	-
Storm Patrol & Emerg Response		2,640	5,000	6,000	6,000	7,000	7,000	8,000	8,000
Trail Maintenance		-	8,000	5,000	5,000	5,000	5,000	5,000	5,000
General Manager	*	18,225	36,000	36,000	36,000	36,000	36,000	36,000	36,000
Legal	*	(236,016)	54,000	56,000	60,000	60,000	60,000	60,000	60,000
Audit	3%	9,900	9,600	9,600	9,600	9,888	10,185	10,490	10,805
Other Professional	*	6,532	6,350	5,000	6,000	6,000	7,000	7,000	7,000
Software	*	1,880	1,130	2,000	1,000	2,500	1,000	2,000	1,000
County/State Notices and Fees	*	-	910	150	1,000	175	1,100	200	1,200
Insurance	5%	18,269	20,000	21,000	22,050	23,153	24,310	25,526	26,802
Administrative	*	119	2,100	2,200	2,200	2,300	2,300	2,400	2,400
Miscellaneous	*	2,445	2,750	4,000	4,000	4,500	4,500	5,000	5,000
Total Costs		<u>183,529</u>	<u>1,304,380</u>	<u>977,417</u>	<u>551,090</u>	<u>798,418</u>	<u>819,892</u>	<u>868,688</u>	<u>891,883</u>
Change in Position		<u>593,547</u>	<u>(507,941)</u>	<u>(164,920)</u>	<u>280,733</u>	<u>53,211</u>	<u>52,034</u>	<u>24,040</u>	<u>22,165</u>
New Vehicle				65,000					
Ending Cash Position		<u><u>988,012</u></u>	<u><u>480,071</u></u>	<u><u>250,151</u></u>	<u><u>530,884</u></u>	<u><u>584,094</u></u>	<u><u>636,128</u></u>	<u><u>660,169</u></u>	<u><u>682,334</u></u>

**DIABLO COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS MEETING
MINUTES
DIABLO ROOM, DIABLO COUNTRY CLUB
March 10, 2020 7:30 p.m.**

CALL TO ORDER: President Ray Brant called the meeting to order at 7:30 p.m.
ROLL CALL: Secretary Jeff Eorio called the roll as follows:

Directors present: Brant, Becker, Eorio, Isom
Directors absent: Urbelis

1. COMMENTS FROM THE AUDIENCE: None

2. ACTION ITEMS:

a. On motion of Director Eorio, second by Director Becker, the minutes of the February 11, 2020 Special Meeting were approved:

Ayes: Brant, Becker, Eorio, Isom
Noes: None
Abstentions: None
Absent: Urbelis

b. On motion of Director Eorio, second by Director Becker, the minutes of the February 11, 2020 Regular Meeting were approved:

Ayes: Brant, Becker, Eorio, Isom
Noes: None
Abstentions: None
Absent: Urbelis

c. On motion of Director Eorio, second by Director Brant, the minutes of the February 20, 2020 Special Meeting were approved.

Ayes: Brant, Becker, Eorio, Isom
Noes: None
Abstentions: None
Absent: Urbelis

3. REPORTS:

CONTRA COSTA COUNTY: No report

DIABLO COUNTRY CLUB: Hank Salvo reported that 9 holes of the golf course have opened and that the entire golf course is set to open in June. Director Eorio requested that the Club repaint and resign the post office handicap parking spot to comply with state ADA requirements.

DIABLO PROPERTY OWNERS REPORT: Director Eorio reported on behalf of DPOA President Dana Pingatore that the Devil’s Advocate will be printed at the end of March.

ROADS: No report

SECURITY: Deputy Buergi reported that there were no incidents in February. Deputy Buergi requested that the Board authorize 20 hours a month of deputy overtime to address traffic concerns from March through September. Deputy Buergi requested that the Board consider installing a third stop sign at the intersection of Alameda Diablo and Club House Rd to address traffic safety concerns.

ACTION ITEMS:

a. On motion of Director Eorio, second by Director Brant the Board approved 20 hours a month of deputy overtime from March through September 2020 to address traffic concerns.

Ayes: Brant, Becker, Eorio, Isom
Noes: None
Abstentions: None
Absent: Urbelis

b. On Motion of Director Eorio, second by Director Brant the Board authorized the installation of a stop sign on Alameda Diablo Rd heading east, at the corner of Alameda Diablo and Club House Rd.

Ayes: Brant, Becker, Eorio, Isom
Noes: None
Abstentions: None
Absent: Urbelis

4. COMMENTS BY DIRECTORS:

President Brant reported that the District repaired and lined a failing culvert located on El Nido across from the first hole of the golf course at a cost of \$40,000. To ensure that there were no other failing culverts the District identified and videoed all of the culverts that traverse the District’s roads. No other culverts were identified as needing immediate repair.

General Manager Torru reported that in January the District received a 30-day cancellation notice from its general liability insurance carrier in response to litigation against the District during the last couple of years. With the support of the Board, General Counsel and State Senator Steve Glazer’s office we were able after much effort to secure insurance coverage and avoid a lapse. Through this process the District learned a lot about the California public agency insurance markets and will pursue these options over the next several months.

5. **CLOSED SESSION:** At 8:05 p.m. President Brant adjourned the meeting to closed session: CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION pursuant to Government Code Section 54956.9 (d) (1) (Cervantes et al. v. Diablo Community Services District et al., Contra Costa Superior Court Case No. C17-02529).

6. **RECONVENE OPEN SESSION:** At 8:35 p.m. President Brant reported that there were no reportable actions taken in closed session

7. **CALL OF NEXT MEETING/ADJOURNMENT:** President Brant called the next meeting for April 14, 2020. There being no further business, President Brant adjourned the meeting at 8:40 p.m.

Diablo Community Services District by
Kathy Torru, General Manager

RESOLUTION NO. 2020-01

RESOLUTION OF THE DIABLO COMMUNITY SERVICES DISTRICT CONFIRMING RESULTS OF MEASURE B SPECIAL TAX ELECTION AND DIRECTING COUNTY AUDITOR TO LEVY VOTER-APPROVED TAX

WHEREAS, at an election held on March 6, 2018, the Diablo Community Services District (“District”) was successful in obtaining more than two-thirds voter approval to levy a qualified special tax known as Measure B (the “Tax”), as evidenced by the letter from the Contra Costa County Clerk dated March 14, 2018 containing the Certificate of Election Results; and

WHEREAS, the Tax set the initial rates for Improved Parcels, Unimproved Parcels, and the Diablo Country Club at \$662.26, \$128.06, and \$23,444.68, respectively; and

WHEREAS, the Tax allows for an annual inflation adjustment, and the District has calculated the rates for Fiscal Year 2020-2021 to be \$702.59, \$135.86, and \$24,872.46 for Improved Parcels, Unimproved Parcels, and the Diablo Country Club, respectively; and

WHEREAS, the District desires at this time to request that the Contra Costa County Auditor enter the Tax on the tax roll for collection and distribution by the Contra Costa County Tax Collector for Fiscal Year 2020-21;

NOW, THEREFORE, BE IT RESOLVED as follows:

Section 1. **Recitals.** The foregoing recitals are true and correct.

Section 2. **Direction to County Auditor to Levy and Collect Tax for Fiscal Year 2020-21.** It is hereby certified that the proceedings in connection with the March 6, 2018 Tax election have been accomplished in accordance with law. As such, the Contra Costa County Auditor is directed to include the Tax on the tax rolls for Fiscal Year 2020-21 as follows: **\$702.59** for Improved Parcels, **\$135.86** for Unimproved Parcels, and **\$24,872.46** for the Diablo Country Club.

Section 3. **Not Special Benefit Assessment; No New Taxing Area.** The Tax is a special tax approved by more than two-thirds of the voters of the District voting on the measure, as authorized by California Constitution Article XIII A and 50075. The procedures applicable to special benefit assessments, fees and charges set forth in California Constitution Article XIII D do not apply to the Tax. In addition, the Tax shall be levied within the boundaries of the existing District. No new taxing area will be formed for purposes of the levy of the Tax.

Section 4. **Actions to Facilitate Levy of Tax.** The President of the Board of Directors is hereby authorized to take, for each fiscal year following 2020-2021, any such further actions as may be required to facilitate the successful levy and collection of the Tax in the District including, but not limited to, each year providing the County Auditor with a list of parcels upon which the Tax shall be levied, and to respond to any further requests of the County Auditor with respect to such Tax.

Section 5. **Collection.** The Tax shall be collected in the same manner as ordinary ad valorem taxes are collected and shall be subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ad valorem taxes, and the County

Auditory is hereby authorized to deduct reasonable administrative costs incurred in collecting any such special tax.

Section 6. **Effective Date.** This Resolution shall take effect on and after its adoption.

* * * * *

The foregoing Resolution was adopted by the Board of Directors of the Diablo Community Services District on May 12, 2020.

Adopted by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

Ray Brant, President of the Board

Attest:

Kathy Torru, General Manager

RESOLUTION NO. 2020-02

RESOLUTION OF THE DIABLO COMMUNITY SERVICES DISTRICT APPROVING THE EXECUTION OF AN AGREEMENT TO BECOME A NEW MEMBER OF THE GOLDEN STATE RISK MANAGEMENT AUTHORITY (GSRMA) AND TO ABIDE BY GSRMA'S JOINT EXERCISE OF POWERS AGREEMENT AND BY-LAWS

WHEREAS, the Diablo Community Services District ("District") Board of Directors (the "Board") is authorized and charged to provide ongoing road, bridge and culvert maintenance and improvements, provide security, police protection and law enforcement services (collectively "security services") to its residents and guests, and maintain the equestrian trail between Alameda Diablo and Mt. Diablo Scenic Blvd. within District boundaries; and

WHEREAS, the District has historically carried several types of insurance policies including General Liability, Excess Liability and Directors and Officers Liability coverage obtained through the commercial market; and

WHEREAS, the Board directed the General Manager to evaluate various options for obtaining insurance coverage, including both commercial policies and policies available only to public agencies; and

WHEREAS, the General Manager conducted an exhaustive and diligent search and obtained a proposal for insurance coverage from Golden State Risk Management Authority (GSRMA), which is a risk-sharing insurance pool for public agencies in California and embraces "the philosophy that GSRMA exists for the benefit of its members" including a variety of special districts; and

WHEREAS, to obtain a final quote, GSRMA has requested that the District accept and agree to abide by GSRMA's Joint Exercise of Powers Agreement and By-Laws as well as provide a 10-year loss run history; and

WHEREAS, the Board has determined that maintaining insurance coverage is in the best interests of the District's citizens to ensure the ongoing and long-term fiscal integrity of the District;

NOW, THEREFORE, BE IT RESOLVED determined and ordered by the Board of Directors of the Diablo Community Services District as follows:

Section 1. **Recitals.** The foregoing recitals are true and correct.

Section 2. **Approval of Agreement/By-Laws.** The Board of Directors does, by the passage of this resolution, agree and accept all provisions of the GSRMA Joint Exercise of Powers Agreement and By-Laws, which are attached hereto and incorporated by this reference. The Board President and General Manager, in consultation with the District's General Counsel, are authorized to execute these documents and related agreements for admission to become a member of GSRMA, and to take all other actions as may reasonably be necessary to effectuate the same, including, but not limited to, providing a 10-year loss run history.

Section 3. **Effective Date.** This Resolution shall take effect on and after its adoption.

* * * * *

The foregoing Resolution was passed, approved and adopted by the Board of Directors of the Diablo Community Services District this 12th day of May, 2020 by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

Ray Brant, President of the Board

Attest:

Kathy Torru, General Manager

Attachments:

- GSRMA Joint Exercise of Powers Agreement
- GSRMA By-Laws

Adopted: April 10, 1979

Amended: April 27, 1992

Amended: June 11, 1997

Amended: July 1, 2000

Amended: July 14, 2004

Amended: July 1, 2009

JOINT EXERCISE OF POWERS AGREEMENT
FOR PROVIDING LIABILITY, WORKERS' COMPENSATION,
PROPERTY AND OTHER COVERAGES

ENTERED INTO BY

PUBLIC AGENCIES WITHIN AND WITHOUT
THE STATE OF CALIFORNIA

TABLE OF CONTENTS

PREAMBLE	1
RECITALS	1
ARTICLES	
1 PURPOSES	2
2 RULES OF CONSTRUCTION	3
3 PARTIES TO AGREEMENT	3
4 CREATION OF AUTHORITY	3
5 TERM OF AGREEMENT	3
6 BYLAWS	4
7 POWERS OF THE AUTHORITY	4
8 AUTHORITY FUNCTIONS AND RESPONSIBILITIES	5
9 MEMBER AGENCY RESPONSIBILITIES	5
10 TERMINATION	6
11 PROHIBITION AGAINST ASSIGNMENT	7
12 AMENDMENTS	7
13 ENFORCEMENT	7
14 COUNTERPARTS	7
15 AGREEMENT COMPLETE	8
16 FILING WITH SECRETARY OF STATE	8
SIGNATORIES	8
APPENDIX A	
JOINT POWER AGREEMENT	
MEMBER AGENCIES	

**JOINT EXERCISE OF POWERS AGREEMENT FOR PROVIDING
LIABILITY, WORKERS' COMPENSATION, PROPERTY
AND OTHER COVERAGES**

* * *

THIS AGREEMENT is dated, for convenience, July 1, 1979, as the date the Agreement was initially entered into among certain public agencies within the County of Glenn. Thereafter, this Agreement has been amended to include Public Agencies within or without the State of California. These public agencies are hereafter referred to as "Member Agencies" and listed in Appendix "A", which may be amended from time to time.

PREAMBLE

Golden State Risk Management Authority is established for the purpose of providing services and other functions necessary and appropriate for the creation, operation, and maintenance of liability, workers' compensation, property and other risk pooling and coverage plans for the Member Agencies that are parties hereof, and to provide a forum for discussion, study, development and implementation of recommendations of mutual interest regarding risk pooling and insured programs.

R E C I T A L S

This Agreement is predicated upon the following facts:

1. WHEREAS the Member Agencies are public agencies organized and operating under the laws of the State of California or other states of the United States;
2. WHEREAS, the following California state laws, among others, authorize the Member Agencies to enter into this agreement:
 - a. Labor Code Section 3700(c) allowing a local public entity to fund its own worker's compensation Claims;
 - b. Government Code Sections 989 and 990, *et seq.* and Education Code Sections 17566 and 17567 permitting a local public entity to insure itself against liability and other losses;
 - c. Government Code Section 990.4 permitting a local public entity to provide insurance and self-insurance in any desired combination;

d. Government Code Section 990.8 permitting two or more local public entities to enter into an agreement to jointly fund such expenditures under the authority of Government Code Sections 6500 *et seq.*;

e. Government Code Sections 6500, *et seq.* permitting two or more local public entities (including public agencies located outside the State of California) to jointly exercise under an agreement any power which is common to each of them.

3. WHEREAS, each of the parties to this Agreement desires to join together with the other parties for the purpose of developing an effective risk management program to reduce the amount and frequency of their losses, pooling their self-insured losses, and jointly purchasing excess insurance and administrative services in connection with a joint program for said parties; and

4. WHEREAS, a feasibility study has shown that it is economically feasible and practical for the parties to this Agreement to do so;

5. WHEREAS, this Authority was originally created and was known as the “Glenn County Joint Powers Authority”,

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 PURPOSES

This Agreement is entered into by Member Agencies pursuant to the provisions of California Government Code sections 990, 990.4, 990.8 and 6500 *et seq.* in order to develop an effective risk management program: (a) to reduce the amount and frequency of their losses, (b) to pool their self-insured losses, and (c) to jointly purchase excess insurance and administrative services in connection with a joint protection program for the Member Agencies.

These purposes shall be accomplished through the exercise of the powers of Member Agencies jointly in the creation of a separate entity, now know as “Golden State Risk Management Authority”, to administer a joint protection program wherein Member Agencies will pool their losses and Claims, jointly purchase excess insurance and administrative and other services, including Claims adjusting, data processing, risk management, loss prevention, legal and related services.

It is also the purpose of this Agreement to provide, to the extent permitted by law, for the inclusion at a subsequent date of such additional public agencies organized and existing under the laws of the State of California or of any other state of the United States as may desire to

become parties to this Agreement and members of the Authority, subject to approval by the Board.

ARTICLE 2 RULES OF CONSTRUCTION

- A. The following rules of construction apply:
1. The present tense includes the past or future tense; the future tense includes the present tense.
 2. The singular includes the plural and the plural includes the singular.
 3. “Shall” is mandatory and “may” is permissive.
 4. The masculine gender includes the feminine and neuter.

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 of this Agreement and, in addition, with such other parties as may later be added as parties to, and signatories of, this Agreement. Each party to this Agreement also certifies that the deletion of any party from this Agreement, by cancellation or withdrawal, shall not affect this Agreement nor the remaining parties' intent to contract as described above with the other parties to the Agreement then remaining.

ARTICLE 4 CREATION OF AUTHORITY

Pursuant to Section 6500 *et seq.* of the Government Code, the Authority, a public entity, separate and apart from the parties to this Agreement, is hereby created. The creation of a separate public entity is intended by this Agreement pursuant to Government Code Section 6507. The Authority shall be known as the Golden State Risk Management Authority. The Authority shall be governed by a Board whose composition, powers and duties are set forth in the Bylaws.

ARTICLE 5 TERM OF AGREEMENT

This Agreement is effective July 1, 1979, and continues until terminated as hereafter provided.

ARTICLE 6

BYLAWS

This Agreement fully incorporates the Bylaws, as adopted and which may be amended from time to time consistent with this Agreement, by the Board.

ARTICLE 7

POWERS OF THE AUTHORITY

A. The Authority is authorized, in its own name, to do all acts necessary for the exercise of those powers referred to in Recital 2 including, but not limited to each of the following:

1. Make and enter into contracts;
2. Incur debts, liabilities, and obligations; but no debt, liability, or obligation of the Authority is a debt, liability, or obligation of any Member Agency which is a party to this Agreement, except as otherwise provided in Article 8 herein and in Article IV of the Bylaws;
3. Acquire, hold or dispose of real and personal property;
4. Receive contributions and donations of property, funds, services, and other forms of assistance from any source;
5. Sue and be sued in its name;
6. Employ agents and employees;
7. Acquire, construct, manage, and maintain buildings;
8. Lease real or personal property including that of a Member Agency;
9. Receive, collect, invest, and disburse moneys; and
10. All other powers described in Government Code Sections 6508 and 6509.5 which sections are incorporated by reference.

These powers shall be exercised in the manner provided by law, and, except as expressly set forth in this Agreement, subject only to those restrictions upon the manner of exercising the powers which are imposed upon the County of Glenn in the exercise of similar powers.

ARTICLE 8 AUTHORITY FUNCTIONS AND RESPONSIBILITIES

A. The Authority shall perform the following functions in discharging its responsibilities under this Agreement:

1. Adopt an annual budget;
2. Establish such funds and accounts as required for efficient operation of the Authority and good accounting practices;
3. Maintain or have maintained accurate loss records for all covered risks, for all Claims paid, and for such other losses as the Board requires or directs be maintained;
4. Acquire protection against risks, as authorized by the Board, that may include, but are not limited to, general liability, public officials' errors and omissions liability, employment practices liability, pollution liability, automobile liability, watercraft liability, workers' compensation, property, and equipment breakdown, through, but not limited to, self-insurance funding, risk pooling and/or commercial insurance, for primary, excess and/or umbrella insurance coverage, by negotiation, bid, or purchase;
5. Provide loss prevention, safety and loss control services;
6. Provide Claims management services for covered risks;
7. Provide Claims recovery and subrogation services to investigate, pursue, and collect for damages resulting from Covered Losses that are caused, partly or totally, by the acts of others;
8. Select and retain legal counsel and Claims legal defense counsel;
9. Perform other functions for the purpose of accomplishing the goals of this Agreement.

ARTICLE 9 MEMBER AGENCY RESPONSIBILITIES

A. Each Member Agency has the following responsibilities:

1. Designate a primary contact for the Authority;

2. Pursuant to the procedures set forth in the Bylaws, appoint representatives to the Authority Board;
3. Pay timely all contribution charges, contribution surcharges, adjustments or any other fees or charges.
4. Notify and cooperate fully with the Authority in all matters relating to any and all Claims;
5. Provide annually all information required or requested by the Authority in order for the Authority to properly calculate contributions and to carry out the Joint Protection Program under this Agreement;
6. Provide annually current, complete, and accurate information of the values of buildings and contents covered by the Authority;
7. Maintain loss prevention and risk management policies that can reasonably be expected to reduce, or minimize, the Member Agency's losses;
8. Such other responsibilities as are provided elsewhere in this Agreement and as are established by the Board in order to carry out the purposes of this Agreement.

ARTICLE 10 TERMINATION

A. This Agreement may be terminated at any time by the written consent of three-fourths of the Member Agencies, provided, however, that this Agreement and the Authority shall continue to exist for the purpose of disposing of all Claims, distribution of assets and all other functions necessary to wind up the affairs of the Authority.

B. Upon termination of this Agreement, all assets of the Authority shall be distributed only among the parties that have been Member Agencies in the joint protection program, including any of those parties which previously withdrew, in accordance with and proportionate to their contribution payments made during the term of this Agreement. The Board shall determine such distribution within six months after the last pending Claim or loss covered by this Agreement has been finally adjusted, resolved and concluded.

C. The Board is vested with all powers for the purpose of concluding and dissolving the business affairs of the Authority. These powers shall include the power to assess current and former Member Agencies (Member Agencies at the time existing unpaid Claims arose or losses incurred), to pay any additional amounts necessary for the final disposition of all Claims and

losses covered by this Agreement. A Member Agency's share of such additional contribution shall be determined on the same basis as that provided for in Paragraph B. of this Article.

D. Termination of any Member Agency shall not be construed as a completion of the purpose of this Agreement and shall not require the repayment or return to any terminating Member Agency of all or any part of any contributions, payments or advances made until the Agreement is rescinded or terminated as to all parties.

E. The decision of the Board under this Article shall be final.

ARTICLE 11 PROHIBITION AGAINST ASSIGNMENT

No Member Agency may assign any right, claim, or interest it may have under this Agreement, and no creditor, assignee, or their party beneficiary of any Member Agency shall have any right, claim, or title to any part, share, interest, fund, contribution, or asset of the Authority.

ARTICLE 12 AMENDMENTS

This Agreement may be amended from time to time by an affirmative vote of more than 50% of the Member Agencies.

ARTICLE 13 ENFORCEMENT

The Authority is hereby granted the authority to enforce this Agreement. In the event any action is instituted concerning a dispute involving any provision of this Agreement, the prevailing party in such action shall be entitled to such sums as the court may fix as attorneys fees and costs.

ARTICLE 14 COUNTERPARTS

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

ARTICLE 15
COMPLETE AGREEMENT

The foregoing constitutes the full and complete Agreement of the parties. There are no oral understandings or agreements not set forth in writing herein.

ARTICLE 16
FILING WITH SECRETARY OF STATE

The Risk Manager shall file a notice of this Agreement with the office of California Secretary of State within thirty (30) days of its effective date, as required by the Government Code section 6503.5 and within seventy (70) days of its effective date as required by Government Code section 53051.

SIGNATORIES

The original signatures for the Member Agencies are set forth in the original Joint Powers Agreement. The necessary signatures for Amendments to this Agreement are set forth with each Amended Agreement.

APPENDIX A

JOINT POWERS AGREEMENT MEMBER AGENCIES (AS OF JULY 1, 2009)

Albion-Little River Fire Protection. District	Castroville Cemetery District Cayucos-Morro Bay Cemetery District	Foothill Fire Protection District Galt-Arno Cemetery District German Cemetery District
Alturas Cemetery District	Central Valley Cemetery District	Glenn Codora Fire District Glenn Colusa Fire District Glenn County IHSS Public Authority
Anderson Cemetery District	Chester Cemetery District City of Orland	Glenn County Office of Education Glenn County Olive Pest Management District
Arbuckle Cemetery District	Clovis Cemetery District	Glenn County Resource Conservation District
Arbuckle Public Utility District	Coffee Creek Volunteer Fire District	Glenn County Transit Gridley-Biggs Cemetery District
Arroyo Grande Cemetery District	Columbia Cemetery District	Halcumb Cemetery District Hamilton City Community Services District
Artois Community Services District	Colusa Basin Drainage District Colusa Cemetery District Colusa County One-Stop Partnership	Hamilton City Fire Protection District Hamilton Unified School District
Artois Fire District		
Atascadero Cemetery District	Comptche Community Services District	
Auburn Public Cemetery District	Corning Cemetery District	Hanford Cemetery District Happy Homestead Cemetery District
Bayliss Fire Protection District	Cortina Creek Flood Control and FWCD Cottonwood Cemetery District County of Glenn	Hills Ferry Cemetery District
BearValley/Indian Valley Fire District		Hornbrook Cemetery District
Berry Creek Community Services District	Dobbins-Oregon House Fire Protection District	Hornbrook Community Services District
Browns Valley Cemetery District		
Brownsville Cemetery District	Elk Community Services District Elk Creek Cemetery District Elk Creek Community Services District	Kelsey Cemetery District
Burney Cemetery District	Elk Creek Fire District Elk Grove - Consumnes Cemetery District	Kelseyville Cemetery District
Butte City Community Services District		Keystone Cemetery District Kimshew Cemetery District Lake Elementary School District
Byron-Brentwood-Knightson Union Cemetery District	Elsinore Valley Cemetery District Fair Oaks Cemetery District Fall River Mills Fire Protection District	Levee District #1 Levee District #2 Levee District #3 Little Valley Community Services District
Cambria Cemetery District		Live Oak Cemetery District
Camptonville Community Services District	First 5 Colusa Children & Family Commission	Los Banos Cemetery District Los Molinos Cemetery District Lower Lake Cemetery District
Capay Fire Protection District Capay Joint Union School District	First 5 Glenn County	Manton Joint Cemetery District
Capitol Southeast Connector JPA Carters Cemetery District	First 5 Yuba Commission	

Marvin Chapel Cemetery District Marys Cemetery District	District Paradise Cemetery District Paso Robles Cemetery District	District Sierra County Cemetery District #5
Maxwell Cemetery District Maxwell Fire Protection District Maxwell Public Utilities District Maxwell Recreation & Parks District	Patterson Cemetery District Peoria Cemetery District Perris Valley Cemetery District	Snelling Cemetery District Stony Creek Joint Unified School District Stonyford Cemetery District Storm Drain Maintenance District #1 Storm Drain Maintenance District #3 Sutter Cemetery District Sylvan Cemetery District Tehama Cemetery District
Mendocino Community Services District Mendocino Fire Protection District Mendocino Little River Cemetery District	Picard Cemetery District Piercy Fire Department Pine Creek Cemetery District	Tehama Colusa Canal Authority Tipton-Pixley Cemetery District Tracy Public Cemetery District
Merced Cemetery District Millville Cemetery District Mount Shasta Fire Protection District	Placer County Cemetery District #1 Plainsburg Cemetery District	Trinity Center Community Services District Truckee Cemetery District
Murrieta Valley Cemetery District North Willows Community Services Area N.E. Willows Community Services District	Plaza Elementary School District Pleasant Grove Cemetery District Pliocene Ridge Community Service Dist	Ukiah Valley Fire Dist Upham Cemetery District Upper Lake Cemetery District Visalia Cemetery District Wheatland Cemetery District
Napa-Berryessa Resort Improvement District Nevada Cemetery District Nevada-Sierra Regional IHSS	Princeton Joint Unified School District	
Newcastle, Rocklin, Gold Hill Cemetery District	Quincy-LaPorte Cemetery District Ramona Cemetery District	Wildomar Cemetery District Williams Cemetery District Williams Fire Protection Authority Willows Cemetery District Willows Rural Fire District Willows Unified School District Winton Cemetery District
Newville Cemetery District	Reclamation District 2140 Red Bluff Cemetery District	
North Central Counties Consortium Oak Grove Cemetery District	Redwood Coast Fire Protection District Riverview Cemetery District	Yuba LAFCO
Oak Hill Cemetery District Orange County Cemetery District Ord Bend Community Services District Ord Bend Fire District	Russian River Cemetery District Salsipuedes Sanitary District Santa Margarita Cemetery District Santa Maria Cemetery District	Zamora Fire District
Orland Artois Water District Orland Cemetery District Orland Rural Fire District Orland Unified School District Oroville Cemetery District Pajaro Valley Public Cemetery	Selma Cemetery District Shasta Valley Cemetery District Shaws Flat-Springfield Cemetery	

GOLDEN STATE RISK MANAGEMENT AUTHORITY
BYLAWS

TABLE OF CONTENTS

ARTICLE		
I.	DEFINITIONS	3
II.	OFFICES	4
III.	GOVERNING BOARD	
	A. GOVERNING BOARD	4
	B. ELECTION OF BOARD MEMBERS	4
	C. TERMS OF OFFICE	5
	D. VOTING AND COMPENSATION	6
	E. POWERS OF THE BOARD	6
	F. ADDITIONAL DUTIES OF THE BOARD	7
IV.	OFFICERS	
	A. PRESIDENT AND VICE PRESIDENT	7
	B. RISK MANAGER	7
	C. TREASURER AND AUDITOR	8
	D. ASSUMPTION OF DUTIES	8
	E. OFFICIAL BOND	8
	F. REMOVAL AND VACANCIES	9
V.	LIABILITY OF GOVERNING BOARD, OFFICERS, COMMITTEE MEMBERS AND LEGAL ADVISORS	9
VI.	BOARD MEETINGS	
	A. REGULAR MEETINGS	9
	B. SPECIAL MEETINGS	10
	C. RALPH M. BROWN ACT AND CLOSED SESSIONS	10
	D. PLACE OF MEETINGS	11
	E. RULES OF ORDER AND MINUTES	11
	F. QUORUM	11
	G. ADJOURNED MEETINGS	11
VII.	MEMBERSHIP	
	A. NEW MEMBER AGENCIES	12
	B. CANCELLATION	12
	C. WITHDRAWAL	13
	D. EFFECT OF WITHDRAWAL	13
VIII.	ACCOUNTS, RECORDS, AND AUDITS	
	A. ACCESSIBILITY OF BOOKS AND RECORDS	13
	B. AUDITS	13
	C. AUTHORIZATION OF PAYMENTS	14
IX.	NOTICES	14

X.	CONTRIBUTIONS	
	A. CONTRIBUTION CHARGE	14
	B. REBATES	15
	C. CONTRIBUTION SURCHARGE	15
	D. INSTALLMENT PLANS	16
	E. TIMELINESS OF PAYMENTS	16
XI.	COVERAGES	
	A. BASIC RISK COVERAGES	17
	B. PROPERTY COVERAGE	17
	C. EFFECTIVE DATE	17
	D. SUBROGATION	17
	E. SPECIAL COVERAGES	17
	F. ADDITIONAL INSURANCE COVERAGES	18
	G. WORKERS' COMPENSATION PENALTIES	18
XII.	SETTLEMENT AUTHORITY	18
XIII.	DISPUTE RESOLUTION	
	A. NEGOTIATION	18
	B. APPEAL TO THE BOARD	19
	C. RECONSIDERATION	19
	D. ARBITRATION OR MEDIATION	19
	E. LITIGATION	20
XIV.	AMENDMENTS	20

ARTICLE I.
DEFINITIONS

A. Unless the context otherwise requires, the designated terms in the Joint Powers Agreement and Bylaws have the following definitions:

1. “Authority” means the Golden State Risk Management Authority.
2. “Basic Risk Coverages” shall mean the protection package offered to all Member Agencies, consisting of protection for risks related to General Liability, Workers’ Compensation, Property, and Miscellaneous exposures.
3. “Board” or “Governing Board” shall mean the governing board of the Authority;
4. “Certificate of Coverage” or “COC” is the document issued by the Authority to Member Agencies specifying the scope and amount of pooled protection provided to each Member Agency by the Authority.
5. “City” shall include cities, towns, and villages, whether incorporated or not. City does not include a County.
6. “Claim” shall mean any demand, action, suit or proceeding against a Member Agency arising out of an occurrence that falls within the Authority’s Joint Protection Program.
7. “County” shall mean a political subdivision of the State of California or any other State of the United States of America. County does not include a City.
8. “Covered Loss” is a loss resulting from a Claim against a Member Agency, in excess of the Member Agency’s deductible, retained limit or self-insured retention that falls within the Joint Protection Program, as prescribed by the pertinent Memorandum of Coverage and Certificate of Coverage.
9. “Excess Coverage” shall mean that coverage afforded by commercial insurance or any pooling arrangement purchased by the Authority to cover losses in excess of the Authority’s own deductible, retained limit or self-insured retention.
10. “Fiscal Year” is the period from the first day of July of each year to and including the thirtieth day of June of the following year.
11. “Incurred Loss” is the sum of moneys paid and reserved by the Authority that is necessary to investigate and defend a Claim and to satisfy a Covered Loss sustained by a Member Agency.
12. “Joint Protection Program” or “Program” shall mean the operation of the Authority under which the Member Agencies are protected against designated

losses, through pooling of self-insured funds, joint purchase of commercial insurance, or any combination as determined by the Board.

13. "Member" means a member of the Board.
14. "Member Agency" means any public agency that is a party to this Agreement.
15. "Memorandum of Coverage" or "MOC" is the document issued by the Authority to Member Agencies specifying the limits of liability of the coverage provided to each Member Agency, including the Authority's deductible or retention amount and Excess Coverage limits.
16. "Special District" shall mean special districts created pursuant to the law of the State of California or of any other state which provides any governmental service. Special Districts shall be treated as Member Agencies except that Special Districts governed through the Board of Supervisors of a County shall be represented on the Board by that County in accordance with Article III hereof.

ARTICLE II. OFFICES

The Authority's principal office for the transaction of business is located at 243 West Sycamore Street, Willows, California. The Governing Board may change the location of the principal office from time to time.

ARTICLE III. GOVERNING BOARD

A. GOVERNING BOARD

The Authority shall be governed by a Board composed of seven (7) Members, all of whom shall be elected or appointed Members of the governing boards of Member Agencies. The Members of the Board shall be composed of: (1) two Members from the boards of supervisors of County Member Agencies; (2) one Member from the city council of a City Member Agency; (3) one Member from the board of trustees of a school district Member Agency; (4) one Member from the board of directors of a cemetery district Member Agency; (5) one Member from the board of directors of a fire protection district Member Agency; and (6) one member from the board of directors of a Special District Member Agency.

B. ELECTION OF BOARD MEMBERS

2.1. Annual elections are to be held to fill vacating positions on the Governing Board as described herein. The election process shall include the use of the Board Member Election Timeline. The Timeline shall be updated and approved by the Board annually. The Board Member Election Timeline shall be maintained as a separate document.

2. Vacancies for the Board alternate with representatives for cemetery districts, cities and school districts opening in even numbered years and representatives for fire districts and special districts opening in odd numbered years. Currently, two county representatives are appointed by the Glenn County Board of Supervisors on their own appointment schedule.

Districts in the above member groups will be invited to nominate themselves. The nomination will be for a particular district not for an individual person. If elected, the chosen district shall: (a) appoint a member of their governing board to serve on the Board, and also (b) appoint a second member of their governing board to serve as an alternate Board Member. In the absence of the appointed representative due to (a) resignation, or (b) inability to attend any Board meetings, the alternate representative shall (a) substitute for and replace the resigned representative, or (b) attend board meetings in the place and stead of the absent representative. If no nominations are received for a particular group, the Board shall appoint an individual meeting all requirements for representing that group to fill the opening for the duration of the term.

Once the nomination period has closed and the slate of nominated districts is approved by the Board, an election will be conducted. If a member is the only district nominated for a group, no election voting shall be held for that group and that district will be the considered the winner of the election.

During this election period, nominated districts may contact districts in their peer group to promote their desire to appoint a representative to the Board.

Each district will get one vote each. The vote will either be by board action or by the district representative (usually the district manager or primary contact) as authorized by the district board.

All communication to members will be through their preferred method of communication (email or USPS). Members may vote either electronically or via USPS or fax.

Vote count will not be disclosed to any party prior to the results being presented to the Board.

Election winners are determined by a simple majority of the votes cast. In case of a tie among those receiving the most votes, the winner will be decided by random selection from those candidates that are tied.

If a seated board member is no longer a member of their represented District's governing board, the governing board of that district shall appoint another representative from their governing board. If that board does not appoint a

member by the next meeting of the Board, the Board shall appoint an individual meeting all requirements for representing that group for the duration of the term.

If a chosen district has determined to and acted to withdraw from GSRMA, then: (a) when a withdrawal occurs before the term of the appointed representative begins, then the next highest vote getter shall be the chosen district in that member group; or (b) if the withdrawal occurs after the term has begun, the Board shall fill this vacancy by appointing another member agency in that member group to act as a chosen district and to appoint a member of their governing board to serve on the Board for the duration of the term.

C. TERMS OF OFFICE

1. The term of each Member shall be two years.
2. Each Member serves at the pleasure of his or her respective appointing governing body and may be replaced at any time. The County Members shall also represent all special districts that are governed by County boards of supervisors. No person who is an employee of any Member Agency shall be appointed to serve on the Governing Board.

D. VOTING AND COMPENSATION

1. Each Member has one vote.
2. Each Member shall be entitled to compensation in an amount up to \$250.00 per meeting of the Board attended. The Board shall establish the actual amount of compensation up to the maximum. In addition, Members shall be entitled to reimbursement for transportation expenses incurred in connection with performance of duties as a Member pursuant to the Internal Revenue Service's established allowance. The Board may authorize additional reimbursement for other expenses incurred in connection with duties as a Member.

E. POWERS OF THE BOARD

The Board, consistent with the purposes of the Agreement and these Bylaws, has the power to:

1. Adopt and amend the Authority's Bylaws;
2. Adopt an Annual Operating Budget.
3. Approve or reject agencies applying to become Member Agencies;
4. Elect and remove the risk manager and officers of the Authority;

5. Establish an executive committee or any other committees and delegate to them functions not otherwise reserved to the Board;
6. Contract with consultants and other professional persons or firms, as it considers necessary to carry out the purposes of the Agreement;
7. Authorize risk management audits to review the participation of each Member Agency in the Program;
8. Authorize any officer, staff member, or agent of the Authority to execute any contract in the name of and on behalf of the Authority, and such authorization may be general or specific in nature; however, unless so authorized, no officer, staff member or agent shall have any power to bind the Authority by contract;
9. Approve loss analysis controls by use of statistical analysis, data processing, record and file keeping services in order to help identify high exposure operations and evaluate proper levels of self-retention and possible deductibles;
10. Approve plans to assist Member Agencies in maintaining current, complete, and accurate building and contents values by location for insured properties;
11. Conduct all necessary actions in concluding and dissolving the business affairs of the Authority, including determining the distributions to Member Agencies upon termination of the Authority;
12. Approve specific risks for which the Authority intends to provide protection;
13. Determine the necessity for and amount of any contribution surcharge that may be imposed because of circumstances described in Article X.C.1. and 2. of these Bylaws; and
14. Act in furtherance of the Agreement and these Bylaws.

F. **ADDITIONAL DUTIES OF THE BOARD**

In addition to duties specifically expressed in the Agreement or in the Bylaws, the Board shall:

1. Maintain membership in at least one (1) public risk management association.
2. Assign at least one (1) Member to attend an annual risk management conference.

ARTICLE IV.
OFFICERS

A. **PRESIDENT AND VICE-PRESIDENT**

The Board shall elect a president and vice-president from among its Members at its first meeting each calendar year. Thereafter, at its first meeting in each succeeding calendar year, the Board

shall elect a president and vice-president. The term of office of the president and vice president shall be for one (1) year. If either the president or vice-president ceases to be a Member, the resulting vacancy shall be filled at the next regular meeting of the Board which is held after the vacancy occurs. The president shall preside at and conduct all meetings of the Board. In the absence or inability of the president to act, the vice president acts as president. The president also serves as the treasurer of the Authority.

B. RISK MANAGER

The risk manager shall be selected and appointed by the Board. The position includes the functions of secretary, chief administrative officer of the Authority, and auditor. The risk manager shall be responsible to the Board for the performance of all functions of the Authority as provided in the Agreement and these Bylaws. In the absence of both the president and vice-president, the risk manager shall preside at and conduct meetings of the Board.

C. TREASURER AND AUDITOR

Other than prescribed above, the Board may appoint one of the Authority's officers or employees to serve in the position of either treasurer or auditor, or both of such positions. These offices may be held by separate officers or employees or combined and held by one officer or employee. Such person or persons appointed shall have the powers, duties, and responsibilities as set forth in Government Code Sections 6505, 6505.5 and 6505.6, including the duty to cause an independent annual audit to be made in compliance with Government Code Section 6505.

1. The treasurer shall:
 - a. Have the custody of the Authority's funds;
 - b. Disburse the Authority's funds pursuant to the Board's authority;
 - c. Invest and reinvest the Authority's funds in accordance with state law.
2. The auditor shall:
 - a. Draw warrants to pay demands against the Authority. The warrants drawn by the auditor shall be reviewed by the Board and approved and ratified at the first meeting of the Board following the draft of the warrants;
 - b. Establish and maintain the funds and accounts in accordance with acceptable accounting practices and shall maintain such other records as the Board requires;
 - c. Within one hundred twenty (120) days after the close of each Fiscal Year, give a complete written report of all financial activities for that Fiscal Year to the Authority for the annual audit by a certified public accountant.

D. ASSUMPTION OF DUTIES

Each officer shall assume the duties of his office upon election or appointment, unless otherwise declared by the Board.

E. OFFICIAL BOND

The Board shall require the risk manager, treasurer, and auditor to cause to be filed with the Authority an official bond in an amount to be fixed by the Board, but not less than \$500,000. The Authority shall pay the cost of the premiums for each bond required by it. In the alternative, the Authority may utilize and participate in bond coverage by means of a master bond jointly purchased by public agencies.

F. REMOVAL AND VACANCIES

The Board may remove an officer at any time. A vacancy in an officer position, because of death, resignation, removal, disqualification, or any other cause, shall be filled by election of the Board.

ARTICLE V.
LIABILITY OF GOVERNING BOARD, OFFICERS,
COMMITTEE MEMBERS AND LEGAL ADVISORS

A. Members, officers, committee members, and legal advisors to the Board or any committees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to the Agreement and Bylaws. They shall not be liable for any mistake of judgment or any other action made, taken or omitted by them in good faith, nor for any action taken or omitted by any agent, employee or independent contractor selected with reasonable care, nor for loss incurred through investment of Authority funds, or failure to invest.

B. No Member, officer, committee member, or legal advisor to the Board or any committee shall be responsible for any action taken or omitted by any other Member, officer, committee member, or legal advisor to the Board or any committee. No Member, officer, committee member, or legal advisor to the Board or any committee shall be required to give a bond or other security to guarantee the faithful performance of their duties pursuant to the Agreement and Bylaws.

C. The Authority shall investigate and defend actions against, and pay on behalf of the Authority, the Board, the individual Members, the officers of the Authority, any committee, the individual committee members and any legal advisor to the Board within the scope of their assigned duties pursuant to Article IV, subject to a limit of liability within the discretion of the Board, all sums that they or any of them become legally obligated to pay as damages because of any act or omission in the performance of their respective duties as provided in the Agreement and in these Bylaws. This coverage shall not apply to intentionally dishonest or fraudulent acts,

or to punitive damages, penalties or sanctions. In the alternative, the Authority may purchase insurance coverage for these exposures, to the extent allowed by law.

D. The risk manager shall contract for all necessary investigation and shall select defense counsel under this Article.

ARTICLE VI.
BOARD MEETINGS

A. REGULAR MEETINGS

1. The Board shall hold bi-monthly meetings. Unless otherwise notified pursuant to the Ralph M. Brown Act, these meetings shall be held at 6:00 p.m. on the second Wednesday of every other month (i.e. July, September, November, January, March, and May). Should any of these days fall upon a legal holiday, the meeting of the Board shall be held on the same day of the following week.
2. Written notice of each regular meeting of the Board shall be delivered to each Member and/or alternate Member at least seven (7) days in advance of the meeting. The notice shall specify:
 - a. The place, date and hour of the meeting,
 - b. Those matters which are intended to be presented for action by the Board,
 - c. The general nature of any proposal for action by the Board concerning a change in the Agreement or these Bylaws, a change in the membership of the Authority, or any other matter substantially affecting the rights and obligations of the Member Agencies.

B. SPECIAL MEETINGS

1. A special meeting of the Board may be called at any time by the president of the Board, or by a majority of the Members or by the risk manager subject to the requirements for 24-hour written notice to the members and to requesting representatives of the media provided in Section 54956 of the California Government Code.
2. The notice of a special meeting shall specify the time and place of the meeting and the business to be transacted. No other business shall be considered at the meeting.

C. RALPH M. BROWN ACT AND CLOSED SESSIONS

1. Each meeting of the Board, including, without limitation, regular, adjourned regular and special meetings, including any closed session, shall be called, noticed, held, and conducted in accordance with the Ralph M. Brown Act (Section 54950 et. seq. of the Government Code).
2. Closed sessions for pending litigation shall not be semi-closed. Interested members of the public shall not be admitted to a closed session. Closed sessions for pending litigation shall only be attended by Members, legal counsel to the Board, and necessary Authority staff. Persons without an official role in the meeting shall not be present.

3. The risk manager, or his alternate, shall attend closed sessions as the sole necessary or required member of the Authority staff.

D. PLACE OF MEETINGS

Each regular or special meeting of the Board shall be held at a place within the State of California designated by the Board at its preceding meeting or, if no such designation is made, as designated by the risk manager or the president of the Board.

E. RULES OF ORDER AND MINUTES

1. The risk manager shall keep minutes of all regular, adjourned regular and special meetings. Within sixty (60) days after the adoption of the minutes of a meeting, the risk manager shall have a copy of the adopted minutes made available online in the Authority's website accessible by each Member and by each Member Agency through their respective accounts. Alternatively, if a Member or a Member Agency has no internet access, the Authority shall provide a copy of said minutes to the Member or Member Agency upon written request.
2. All meetings of the Board, and of any committees of the Authority, shall be conducted in accordance with Robert's Rules of Order, provided that in the event of a conflict, such rules shall be superseded by the Agreement, these Bylaws, and California law.

F. QUORUM

No business may be transacted without a quorum of the Members being present. A quorum shall consist of four (4) Members. Four Members must vote in favor of a motion to approve it. The Board shall adopt appropriate rules, not inconsistent herewith, for the orderly transaction of its business.

G. ADJOURNED MEETINGS

1. The Board may adjourn any regular or special meeting to a time and place specified in the order of adjournment, whether or not a quorum has been established. If a quorum is not established, no business other than adjournment may be conducted.
2. A copy of the order for adjournment shall be posted as required by Section 54955 of the California Government Code. No other notice of an adjourned meeting shall be necessary, unless the transacted adjournment is for a period of thirty (30) days or more, in which case notice of the adjourned meeting shall be given in the same manner as notice of the original meeting.

ARTICLE VII.
MEMBERSHIP

A. NEW MEMBER AGENCIES

1. Except as provided by Section C.3 below, public entities that have applied for membership may be approved by the Board and may be admitted to the Program at any time. The Board shall have the sole discretion to admit or reject new Member Agencies. In and through their application for, and acceptance of membership, new Member Agencies shall agree to accept, comply with, and be bound by all the provisions of the Agreement and Bylaws.
2. The agency requesting membership shall supply all loss experience and risk exposure data together with any other relevant information requested by the risk manager.
3. Determination of the initial contribution charges for new Member Agencies shall be pursuant to the calculation provided in Article X of the Bylaws. In the alternative, for Member Agencies with no prior contribution or premium history, the initial contribution shall be established using the data supplied by the new Member Agency.
4. The initial contribution rates for new Member Agencies shall remain the same for the first three years of membership, which begins at the first effective date of membership in any coverage part of the Program. For purposes of this paragraph, under no circumstances will a Member Agency's subsequent participation in another coverage part of the Program extend the first three years of membership. The initial contribution rate(s) for the coverage part(s) of the Program that the Member Agency subsequently joins remains the same only throughout the first three years of membership as prescribed in this paragraph. For a new Member Agency admitted at any time other than at the beginning of the Authority's Fiscal Year, the first three years of membership, referred to in Article X of the Bylaws, shall commence at the beginning of the next Fiscal Year of the Authority.

B. CANCELLATION

The Authority shall have the right to cancel any Member Agency's participation in the Program upon two-thirds vote of the Board. Any Member Agency so canceled shall, on the effective date of the cancellation, be treated the same as if the Member Agency had voluntarily withdrawn from the Program.

C. WITHDRAWAL

1. A new Member Agency shall not withdraw as a party to this Agreement and as a Member Agency of the Authority for a three-year period commencing on July 1 of the first Fiscal Year as a Member Agency.

2. After the initial three-year non-cancellable commitment to the Program, a Member Agency may withdraw only at the end of a Fiscal Year of the Authority, provided it has given the Authority a twelve-month written notice of its intent to withdraw from this Agreement and the Program, except as otherwise permitted by the Board.
3. Any Member Agency that withdraws as a party to this Agreement pursuant to this Article shall not be reconsidered for new membership until the expiration of five years from the Member Agency's withdrawal, except as otherwise permitted by the Board.

D. EFFECT OF WITHDRAWAL

1. The withdrawal of any Member Agency from this Agreement shall not terminate this Agreement and no Member Agency, by withdrawing, shall be entitled to payment or return of any contribution, consideration, or property paid or donated by the Member Agency to the Authority, or to any distribution of assets.
2. The withdrawal of any Member Agency after the effective date of the Program shall not terminate its responsibility to contribute its share of contributions to the program until all claims, or other unpaid liabilities, covering the period the Member Agency was signatory hereto have been finally resolved and a determination of the final amount of payments due by the Member Agency or credits to the Member Agency for the period of its membership has been made by the Board. In connection with this determination, the Board may exercise similar powers to those provided for in Article 10 (Termination) of the Agreement.

ARTICLE VIII.
ACCOUNTS, RECORDS, AND AUDITS

A. ACCESSIBILITY OF BOOKS AND RECORDS

Books and records of the Authority in the possession of the auditor shall be open to inspection at all reasonable times by designated representatives of the Member Agencies.

B. AUDITS

1. The Authority shall contract with a certified public accountant for an annual audit of the accounts and records of the Authority at the end of each Fiscal Year. The minimum requirements of the audit shall be those prescribed by the State Controller under Government Code Section 26909 and shall conform to generally accepted auditing standards.
2. Within six months after Board approval, the risk manager shall have a copy of the audit report accessible online in the Authority's website by Member Agencies through their accounts. Alternatively, if a Member Agency has no internet access,

the Authority shall provide a copy of said Board-approved audit report to Member Agencies who request so in writing.

3. The Authority shall bear the costs of the audit. These costs are a charge against the operating funds of the Authority.

C. **AUTHORIZATION OF PAYMENTS**

Before payment by the treasurer of any invoices, billings, and claims for payment of losses, such documents must be approved and signed by the president, vice president, or the risk manager or his or her designee.

ARTICLE IX.
NOTICES

A. Notice to a Member Agency under this Agreement and Bylaws shall be sufficient if made available online in the Authority's website accessible through the Member Agency's online account, or electronically mailed to the Member Agency's designated primary contact, or mailed to the office of the Governing Board of the Member Agency.

B. Notice to the Authority shall be sufficient if mailed to the office of the risk manager.

ARTICLE X.
CONTRIBUTIONS

A. **CONTRIBUTION CHARGE**

1. For each of the first three years of membership in the Authority, the Member Agency's annual contribution charge for Basic Risk Coverages shall be calculated on the contribution rate for Basic Risk Coverages based on the twelve-month period immediately preceding the beginning of the Fiscal Year in which the agency becomes a Member Agency of the Authority, modified by pertinent surcharge or credit determined during the Member Agency's application and underwriting.
2. For Basic Risk Coverages to be provided subsequent to a Member Agency's initial membership period of three Fiscal Years, as stated in paragraph A.1. above, the risk manager shall calculate annually the amount of the contribution charge for each Member Agency's Basic Risk Coverages. The risk manager may seek the assistance of an actuary, risk management consultant or other qualified person, in calculating the contribution charge for each Member Agency's Basic Risk Coverages. The risk manager shall make estimated calculations, obtain approval of the Board, and shall distribute the contribution charge bills at least thirty (30) days before the end of the Fiscal Year preceding the year for which the annual contribution charges apply.

3. The risk manager shall determine the annual contribution charge for each Member Agency for each type of coverage under Basic Risk Coverages upon the basis of a cost allocation plan and rating formula developed and approved by the Board. The annual contribution charge for each Member Agency shall include that Member Agency's prorated share of excess insurance contribution or premium and/or reinsurance costs; charge for pooled risk, recognizing the deductible selected and including a margin for contingencies as determined by the Board; claims adjusting and legal cost; and administrative costs and other costs to operate the Authority. The risk manager shall also consider each Member Agency's loss history and loss exposure together with the performance of each Program (coverage) in making the calculations of the annual contribution for each Member Agency.

B REBATES

The Board shall have the authority to rebate the proportionate shares of any surplus funds in a Fiscal Year to that Fiscal Year's Member Agencies. The Board may require that any such rebates be applied in reduction of future contributions.

C. CONTRIBUTION SURCHARGE

1. If the Authority experiences unusually severe losses or an unusually large number of losses under any part of the Program in a Fiscal Year, such that notwithstanding reinsurance coverage for large individual losses, the Authority's insurance funds for that part of the Program may be exhausted before the next annual contributions are due, the Board may, upon consultation with an actuary, impose contribution surcharges on all participating Member Agencies.
2. If it is determined by the Board, upon consultation with an actuary, that the Authority's insurance funds for a part of the Program are insufficient to (a) pay losses, (b) fund known estimated losses, and (c) fund estimated losses which have been incurred but not reported, the Board may impose a surcharge on all participating Member Agencies.
3. Contribution surcharges imposed pursuant to (1) and (2) above shall be in an amount which will assure adequate funds for the part(s) of the Program to be actuarially sound; provided that the contribution surcharge to any participating Member Agency shall not exceed an amount equal to three (3) times the Member Agency's annual contribution for that Fiscal Year, unless otherwise determined by the Board. No contribution surcharge in excess of three times the Member Agency's annual contribution for that Fiscal Year may be assessed, unless ninety days (90) prior to the Board taking action to determine the amount of the surcharge, the Authority provides notice pursuant to the Bylaws to each participating Member Agency of its recommendations regarding its intent to assess a contribution surcharge and the amount recommended to be assessed each Member Agency. The Authority shall, upon request by a Member Agency,

provide the requesting Member Agency a copy of the actuarial study upon which the recommended contribution surcharge is based.

4. A Member Agency which has withdrawn or has been terminated at the time a contribution surcharge is assessed, but which was a participating Member Agency during the Fiscal Year(s) for which the contribution surcharge is being assessed, shall pay such contribution surcharges as it would have otherwise been assessed in accordance with the provisions of (1), (2) and (3) above.

D. INSTALLMENT PLANS

Member Agencies shall be permitted to pay their respective annual contribution charge in periodic installments consistent with Board-approved policy.

E. TIMELINESS OF PAYMENTS

1. A Member Agency's payment for the annual contribution charge is due and payable on or by July 1 of the Fiscal Year for which the Authority is providing Basic Risk Coverages. Unless the Board has authorized installment payments, failure of a Member Agency to pay its annual contribution charge in full by August 1 shall constitute sufficient grounds for the Board to immediately cancel the Member Agency's certificate of protection.
2. Any bill other than for the annual contribution charge is due to be paid within thirty (30) days from the date when said bill was mailed to the Member Agency.
3. The Board may adopt a penalty policy for any late payment of any bill, including, but not limited to, for contribution charges, contribution surcharges, and any adjustment. For the Authority to be able to impose a late-payment penalty against a Member Agency, the Authority, at least thirty (30) days prior to a bill's payment due date, must have provided notice of the adopted penalty policy to the Member Agency pursuant to the notice provisions in the Agreement and Bylaws. Any penalty policy adopted by the Board may be applied against a Member Agency, whether active, terminated or withdrawn.
4. Any and all costs and attorney's fees incurred by the Authority associated, in any way whatsoever, with the collection of contribution charges, contribution surcharges, adjustments, penalties, or any other bill shall be recoverable by the Authority. Upon approval by the Board, if a Member Agency does not pay a bill past due for at least ninety (90) days, the Authority may offset the amount due, in whole or in part, against one or more reimbursement requests submitted by the Member Agency.

ARTICLE XI.
COVERAGES

A. BASIC RISK COVERAGES

The Basic Risk Coverages contribution charge referred to in Article X above is payment for the coverage provided by the Authority to each Member Agency for the Basic Risk Coverages specified in the Memoranda of Coverage and Certificates of Coverage. The Board may, but is not required, to use standard form policies. The scope of Basic Risk Coverages in the pool shall be determined by the Board. Each Member Agency by the act of paying the contribution charge accepts the Basic Risk Coverages provided by the Authority.

B. PROPERTY COVERAGE

In case of property coverage, such as fire, the policy limits shall be at or greater than the amount of the insurable replacement value of all the property of each of the Member Agencies which the Member Agencies and Authority agree to be covered. The agreed valuation shall be updated annually according to the revised values to be furnished by each Member Agency, which have been obtained as prescribed in Article 9.A.6. of the JPA Agreement.

C. EFFECTIVE DATE

Pursuant to the payment of contributions by each Member Agency to the Authority, the Authority shall issue to each Member Agency a COC and MOC, indicating the coverage provided to the Member Agency by the Authority. The coverage provided by the policy begins for each Member Agency on such date as set forth in the MOC and shall expire at the end of each Fiscal Year of the Authority.

D. SUBROGATION

The Authority shall have the first right to any subrogation recovery. Each subrogation action shall be brought on behalf of both the Member Agency and the Authority. The Authority may pursue subrogation only as respects a Covered Loss.

E. SPECIAL COVERAGES

The Board may, from time to time, adopt special changes to cover additional or lesser risks. A reasonable surcharge may be imposed when the activities of a Member Agency increases the risk to the membership pool. A special change could also be made by the Board upon the request of one or more Member Agencies for additional coverage with the cost of such additional coverage to be paid by the requesting Member Agencies.

F. ADDITIONAL INSURANCE COVERAGES

The Authority shall have the power and authority to establish and offer to all public agencies, whether a Member Agency or not, programs consisting of additional insurance coverages, which may, but are not required to, involve employee fringe benefit plans. Participation in any proffered program of additional insurance coverage shall be voluntary on the part of any Member Agency and shall not affect their participation in the Basic Risk Coverages provided. Selection of particular programs or plans to be offered shall be made by the Governing Board. The Board shall establish the contribution charges including administration costs, method of payments of contributions, and manner and method of administering each such plan or program.

G. WORKERS' COMPENSATION PENALTIES

Any and all penalties assessed against the Authority by the Division of Workers' Compensation shall be paid as follows:

1. Penalties assessed due to the failure of a Member Agency (Employer) to comply with the time requirements or reporting requirements as stated in the Workers' Compensation law shall be paid by the Member Agency (Employer).
2. Penalties assessed due to the failure of the Authority (Insurer) to comply with the time requirements or reporting requirements as stated in the Workers' Compensation law shall be paid by the Authority.

ARTICLE XII.
SETTLEMENT AUTHORITY

A. The Authority shall have the power and authority to negotiate the settlement of any Claim against a Member Agency involving public entity liability or workers' compensation without the consent of the Member Agency, except that consent shall be necessary only if the settlement amount will exceed the Authority's limit of liability.

B. Affected Member Agencies shall have the right to provide the Board with any input or information desired on any pending Claim at any time. The Board shall consider this input in making its decisions on settlements.

ARTICLE XIII.
DISPUTE RESOLUTION

A. NEGOTIATION

The risk manager shall investigate the facts of the dispute and, if necessary, obtain a legal opinion from the Authority's counsel on any legal issues. The Member Agency may submit a factual statement and a legal opinion, together with any substantiation thereof, to the risk manager. The risk manager shall then attempt to negotiate a resolution of the dispute. Any negotiated resolution shall be taken to the Board for confirmation and approval. If negotiation

fails, and the disputed matter is within the authority of the risk manager, the risk manager shall decide the matter in the best interests of the Authority.

B. APPEAL TO THE BOARD

1. If the Member Agency is dissatisfied with the decision of the risk manager, or if the dispute is unresolved because negotiation failed, the Member Agency may appeal in writing to the Board. This appeal shall be requested by the Member Agency within thirty (30) days of the date of the Risk Manger's decision, or of the date on which the risk manager notifies the Member Agency of the determination that negotiation had failed. Upon receipt of the appeal, the matter shall be set for hearing by the Board at the next available regular Board meeting.
2. The risk manager and the Member Agency shall each submit in writing, at least ten (10) days in advance of the Board meeting, a description of the dispute and any additional relevant facts, a factual and/or legal argument, and the desired resolution. The Board shall consider all information provided, including any oral presentations, in making its decision. The Board may require the Member Agency and/or the risk manager to provide additional information and, as necessary, may continue the hearing. Any Board member that is a member of the governing board of the appealing Member Agency shall be disqualified from participating in the appeal. The Board shall direct that written notice of its decision be prepared and served by mail on the appealing member agency within ten (10) working days.

C. RECONSIDERATION

Within ten (10) days after notice of the decision by the Board, the Member Agency may request a hearing by the Board to reconsider its decision. This request for reconsideration shall be in writing and must be based solely upon newly discovered facts or other information not previously considered. The Member Agency shall submit this newly discovered information in writing for consideration by the Board at its next available Board meeting. The Board may allow oral presentations at the hearing. Any Board member that is a member of the governing board of the appealing Member Agency shall be disqualified from participating in the request for reconsideration.

D. ARBITRATION OR MEDIATION

If the Member Agency is not satisfied with the Board's decision on appeal, it may pursue arbitration or mediation. By means of mutual agreement between the Member Agency and the risk manager, the parties may select binding or non-binding arbitration, mediation, use of counsel in the proceedings, and other procedural matters. The cost of arbitration or mediation shall be borne equally by the Member Agency and the Authority, and each party shall be responsible for its own attorney(s) fees, if attorneys are utilized. Any decision in binding arbitration shall be final and complied with by the parties. Should the parties desire to submit the matter to mediation, the mediation shall be conducted as if court-ordered pursuant to California Code of

Civil Procedure Section 1775, *et seq.* (without any monetary limitation). Should the parties desire that the matter be submitted to arbitration, the arbitration shall be conducted pursuant to the rules of the American Arbitration Association.

E. LITIGATION

If the Member Agency or the risk manager is not satisfied with the result in non-binding arbitration, or if mediation fails to produce a mutually satisfactory resolution of the dispute, either party may pursue litigation to resolve the dispute. The risk manager may not commence litigation without the approval of the Board. Any litigation shall be subject to the applicable claims and limitations requirements of the Tort Claims Act. The prevailing party in any such litigation shall be entitled to their reasonable attorney(s) fees and costs from the losing party.

ARTICLE XIV. **AMENDMENTS**

These Bylaws may be amended at any time by a majority vote of the Governing Board. Within thirty (30) days following adoption of amendments, the risk manager shall prepare a copy of the amended Bylaws and make it available pursuant to approved notice provisions.