

THE JOINT POWERS AGREEMENT

CREATING THE YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY

THIS AMENDED JOINT POWERS AGREEMENT (Agreement) is dated and will be effective as of July 1, 1990; and is entered into between certain of the public agencies, hereafter referred to as Participating Agencies.

RECITALS

This Agreement is predicated upon the following facts:

1. WHEREAS the Participating Agencies are public agencies organized and operating under the laws of the State of California;
2. WHEREAS, the following state laws, among others, authorize the Participating Agencies to enter into this Agreement:
 - a. Labor Code Section 3700(b) allowing a local public entity to fund its own workers' compensation claims;
 - b. Government Code Sections 989 and 990, and Education Code Section 15802, 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 - 6515;
 - e. Government Code Sections 6500 - 6515 permitting two or more local public entities 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 purposes as stated in Article 1 of this Agreement; and

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

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.

AUTHORITY FORMATION

- (a) Pursuant to Article I, Chapter 5, Division 7, Title 1 of the Government Code of the State of California (commencing with Section 6500), the parties hereto hereby have created a public agency separate and apart from the parties hereto, now to be known as the Yolo County Public Agency Risk Management Insurance Authority, herein after called the Authority. This Agreement amends and supersedes the Agreement filed with the Secretary of State on March 30, 1979 entitled Joint Exercise of Joint Powers Agreement to Establish a Joint Risk Management Program and to provide Property, Workers' Compensation, Liability and Other Insurance Coverages.

ARTICLE 2.

PURPOSES

This Agreement is entered into by Participating 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) pool their self-insured losses and (c) jointly purchase excess insurance and administrative services in connection with a joint protection program for said parties. This purpose shall be accomplished through the exercise of the powers of Participating Agencies jointly in the creation of a separate entity, to be known as the "Yolo County Public Agency Risk Management Insurance Authority", to administer a joint protection program wherein Participating 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 Constitution or laws of the State of California as may desire to

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

It is also the purpose of this Agreement to provide for the removal or withdrawal of participating agencies.

ARTICLE 3.

DEFINITIONS

Unless the context otherwise requires;

- (a) "**Associate Member Agency**" means any public agency which is a non-voting party to this Agreement. A listing of the "**Associate Member Agencies**" will be an addendum to the JPA ByLaws;
- (b) "**Authority**" means the Yolo County Public Agency Risk Management Insurance Authority created by this Agreement;
- (c) "**board**" is the governing board of the Authority;
- (d) "**broker**" is an insurance broker authorized by the board to acquire insurance coverage;
- (e) "**claims**" shall mean demands made against the Participating Agencies or the Authority arising out of occurrences which are within the Authority's joint protection program as developed by the board;
- (f) "**claims adjuster**" is the claims adjuster hired by the board to determine losses and make or recommend payments from the appropriate central loss funds;
- (g) "**Coverage Agreement**" is the document issued by the Authority to Participating Agencies specifying the scope and amount of pooled protection provided to each Participating Agency by the Authority;
- (h) "**covered loss**" shall be any loss resulting from a claim or claims against a Participating Agency or the Authority which is in excess of the respective self-funded retention, and is covered by a coverage agreement issued by the Authority or any purchased programs and shall include loss payments, defense costs, and other charges directly attributed to the resolution of the matter including defense costs incurred by the Authority;

- (i) "**excess insurance**" shall mean any self-insurance, insurance, or reinsurance purchased by the Authority to cover losses in excess of the Authority's self-insured retention;
- (j) "**incurred loss**" is the sum of monies paid and reserved by the Authority that is necessary to investigate and defend a claim and to satisfy a covered loss sustained by a Participating Agency or the Authority;
- (k) "**member**" means a member of the board and includes an alternate member;
- (l) "**Member Agency**" means any of the public agencies which are a party to this Agreement and have voting rights pursuant to Article 8. A listing of the "**member agencies**" will be an addendum to the JPA ByLaws.
- (m) "**Participating Agency**" means any associate member agency or member agency who is a party to this Agreement.
- (n) "**risk coverages**" are property, workers' compensation, and liability and other risk coverages subject to such exclusions as may be determined by the board from time to time;
- (o) "**risk manager**" is the person or firm appointed by the board to be its Secretary and the Chief Administration Officer of the Authority;
- (p) "**special district**" shall mean special districts within the County of Yolo which provide governmental service; provided, however, "special district" shall not include school districts. Special districts shall be treated as Participating Agencies except that such districts shall be represented on the board by the County of Yolo in accordance with Article 8 hereof.

ARTICLE 4.

RULES OF CONSTRUCTION

- (a) The present tense includes the past or future tense; the future includes the present tense.
- (b) The singular includes the plural and the plural includes the singular.
- (c) Shall is mandatory and may is permissive.
- (d) The masculine gender includes the feminine and neuter.

ARTICLE 5.

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 pursuant to Article 26. Each party to this Agreement also certifies that the deletion of any party from this Agreement, pursuant to Article 22 or 23, shall not affect this Agreement nor the remaining parties' intent to contract as described above with the other parties to the Agreement then remaining. Each party to this Agreement must, at all times, participate in the auto/general liability program as defined in the ByLaws.

ARTICLE 6.

CREATION OF AUTHORITY

Pursuant to Section 6500 of the Government Code, there is hereby created the Authority, a public entity, separate and apart from the parties to this Agreement.

ARTICLE 7.

TERM OF AGREEMENT

This Agreement becomes effective July 1, 1990 and continues until terminated as hereafter provided.

ARTICLE 8.

GOVERNING BOARD

The Authority shall be governed by a board composed of one (1) member from each Member Agency, each serving in an individual capacity as a member of the board. Each Member Agency's policy making body shall appoint either its chief administrative officer, or the department head or staff person responsible for its risk management

function. Each Member Agency's policy making body shall appoint one (1) alternate member. The alternate shall have similar qualifications as the member. The alternate may attend, participate in, and vote at any meeting of the board at which the regular member from the alternate's Agency is absent. Each member serves at the pleasure of the appointing policy making body. If a person serving as a member ceases to be responsible for the Member Agency's risk management function, the Member Agency's policy making body shall promptly appoint as the Agency's board member, the person who succeeds to the performance of the risk management function. Each member of the board has one (1) vote. A board member is not entitled to compensation from the Authority. However, the board may authorize reimbursement for expenses incurred by a member in connection with his duties as a board member.

For the purpose of this Article, the term "Member Agency" shall not include an Associate Member Agency. Associate Member Agencies shall not be entitled to appoint any members to the board, to have any voting rights on the board, nor to have any designated member represent said Associate Member Agencies.

ARTICLE 9.

BOARD MEETINGS AND RECORDS

- (a) Regular Meetings. The board shall hold at least one regular meeting each year. The board shall fix the date upon which, and the hour and place at which, each regular meeting is to be held. The risk manager may request special meetings as needs dictate. Special meetings may also be called upon written request by at least one-third of the members. Notice of such special meetings shall be delivered personally or by mail to each board member at least 24 hours before the time of such meeting.
- (b) Ralph M. Brown Act. Each meeting of the board, including, without limitation, regular, adjourned regular and special meetings, shall be called, noticed, held and conducted in accordance with the Ralph M. Brown Act (Section 54950 et. seq. of the Government Code), or any other applicable State law.
- (c) Minutes. The risk manager shall have minutes of all regular, adjourned regular and special meetings kept. As designated by the board, he shall have a copy of the minutes forwarded to each member of the board and to each Participating Agency.
- (d) ByLaws and Regulations. The board shall cause to be developed Authority ByLaws, and a Policy and Procedure Manual, to govern the day-to-day operations of the Authority, which are not inconsistent either with applicable law or with this Agreement. Each board member and each Participating Agency

shall receive a copy of any ByLaws, Policy Statement or Manual developed under this Agreement. Thereafter, the board may adopt additional ByLaws and regulations which are not inconsistent either with applicable law or with this Agreement. The risk manager shall send to each board member and to each Participating Agency each bylaw and regulation and amendment promptly after its adoption by the board.

- (e) Quorum. No business may be transacted without a quorum of the members of the board being present. A quorum shall consist of two-thirds (2/3) of the members of the entire board. Action of the board may be taken by a majority of those members voting thereon, except that any action for the payment of any funds shall be by the affirmative vote of not less than three (3) members of the board. The board shall adopt appropriate rules, not inconsistent herewith, for the orderly transaction of its business. In determining what number constitutes a quorum of the entire board, the number of Member Agencies (not including Associate Member Agencies) shall be multiplied by a factor of 0.667, and the resulting product shall be rounded to the nearest whole number, which shall constitute a quorum of the board.
- (f) Committees. The board may establish committees, and delegate to them functions not otherwise reserved to the entire board.

ARTICLE 10.

OFFICERS

- (a) The board shall elect a president and vice-president from among its members at its first meeting. Thereafter, prior to the succeeding fiscal year, the board shall elect a president and vice-president. Each officer shall assume the duties of his office at the beginning of the fiscal 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.
- (b) The risk manager shall be the Secretary and Chief Administrative Officer of the Authority.
- (c) The board shall appoint as a treasurer a person who need not be a member of the board, whose qualifications will be set by board policy. This person shall have the powers, duties and responsibilities specified in Government Code Section 6505.5.

- (d) The board shall require the risk manager and the treasurer to file with the Authority an individual or a master bond in an amount to be fixed by the board, but not less than \$100,000. The Authority shall pay the cost of the premiums for the bond required by it.
- (e) The board may appoint such other officers and employees, and may contract with consultants and other professional persons or firms, as it considers necessary to carry out the purposes of this Agreement.
- (f) Any Participating Agency who agrees to have an employee assigned duties pursuant to paragraphs "c" and/or "e" of this article may be reimbursed by the Authority for that employee's time or services rendered on behalf of the Authority.
- (g) Any such Participating Agency employee or any Authority employee, while acting for or on behalf of the Authority, will be entitled to defense and indemnification by the Authority to the extent provided in California Government Code Sections 825 et. seq. and 995 et. seq.

ARTICLE 11.

POWERS OF AUTHORITY

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:

- (a) make and enter into contracts;
- (b) incur debts, liabilities and obligations; but no debt, liability or obligation of the Authority is a debt, liability or obligation of any agency which is a party to this Agreement, except as otherwise provided by Articles 24 & 25;
- (c) acquire, hold or dispose of real and personal property;
- (d) receive contributions and donations of property, funds, services and other forms of assistance from any source;
- (e) sue and be sued in its own name;
- (f) employ agents and employees;
- (g) acquire, construct, manage and maintain buildings;

- (h) lease real or personal property including that of a Participating Agency;
- (i) receive, collect, invest and disburse monies.

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 municipalities in the exercise of similar powers.

ARTICLE 12.

FISCAL YEAR

The "fiscal year" of the Authority is the period from the first day of July of each year to and including the last day of June of the following year.

ARTICLE 13.

ESTABLISHMENT AND ADMINISTRATION OF FUNDS

- (a) The Authority shall be responsible for the strict accountability of all funds and reports of all receipts and disbursements. It will comply with all provisions in the law relating to the subject, particularly Section 6505 of the California Government Code;
- (b) The Authority may make loss payments only to the extent that the loss exceeds \$1,000 or such greater deductible to which the Participating Agency, which has sustained the loss, has agreed and only to the maximum amount of the self insured retention protection provided by the Authority, but limited to the actual amount of the loss;
- (c) Separate accounting reserves shall be maintained for each type of insurance coverage (i.e. liability, property, workers' compensation). Reduction of excess reserves shall only be accomplished by the board, pursuant to Article 15, through reduction of future cash payments for the coverages provided. No rebate of the excess reserves shall be made to the Participating Agencies;
- (d) All authority funds shall be deposited in one or more of the following:
 - (1) The treasury of the Member Agency from which the treasurer of the Authority is selected,

- (2) a bank selected by the board,
 - (3) the treasury of the State of California.
- (e) The treasurer or board's designee shall invest and reinvest the funds in compliance with state laws and the investment policy adopted by the board. All interest received on the Authority's invested funds shall be credited to the respective fund of the Authority from which the investment was made. An investment policy shall be adopted by the board and reviewed annually.
- (f) The treasurer, or the board designee, shall draw warrants on funds only in accordance with the procedures established by the board. The board may delegate the Authority to draw warrants against the central loss funds to a claims committee comprised of two (2) board members, and the risk manager. The board may authorize the risk manager or claims adjuster to draw a warrant for a claim settlement for an amount of not more than \$5,000. The board may increase or reduce this authority by fixing a larger or lesser maximum amount. The board may delegate to the Authority or its designee, the authority to draw warrants on the operating funds, and on such other funds as it creates.

ARTICLE 14.

BUDGET

The Authority shall adopt an annual budget not later than the first day of its fiscal year.

ARTICLE 15.

ANNUAL CHARGES FOR THE RISK COVERAGE PROGRAMS

Each Participating Agency shall make a cash payment for each year of participation in each of the coverage programs in the amount approved by the Board of Directors. The amount of such cash payment shall be determined in accordance with the formula contained in the ByLaws of the Authority and it shall be sufficient, when combined with the cash contributions of all participants in the coverage programs, to cover the outstanding liabilities, actuarially predicted losses, loss adjustment expenses, defense costs, excess insurance premiums, and administrative expenses of the Authority.

Cash payment shall be billed to the Participating Agencies prior to the beginning of each program year and is due and payable by the date of commencement of the

program year. Any cash payments not received by the Authority within 30 (thirty) days following the date of the commencement of the program year shall be in arrears and may be subject to interest and/or penalties in accordance with the ByLaws or any policy adopted pursuant to the ByLaws of the Authority.

When it is determined that the cash payment is insufficient to meet the Authority's obligations, any time during the program year, the board, by 2/3 (two-thirds) vote of the entire board, shall have the authority to levy a surcharge cash payment. This surcharge cash payment shall be established and payable in accordance with the policy contained in the ByLaws.

ARTICLE 16.

RISK COVERAGE AND DEDUCTIBLES

- (a) Risk Coverage. The risk coverage cash payment referred to in Article 15 is payment for the coverage agreement issued by the Authority to each Participating Agency for the risk coverage specified in the coverage agreement. The board may, but is not required to, use standard form policies utilized in the market for comprehensive general and automobile liability, property, workers' compensation and other coverages as authorized by the board. The scope of property, liability, workers' compensation, and other coverages in the pool shall be determined by the board as specified in the Authority's ByLaws, policy statements, or coverage agreement.

The Participating Agency shall, upon request of the Authority, furnish whatever necessary demographic or other information including but not limited to annual payroll, building and property values, number and type of vehicles, miles of roadway and sidewalk, etc., necessary for the Authority, a broker, or insurance company to determine the proper cash payment for coverage. Each Participating Agency by the act of paying the risk coverage charge accepts the risk coverage provided by the coverage agreement.

- (b) Effective Date. Pursuant to the payment of cash payments by each Participating Agency to the Authority, the Authority shall issue to each Participating Agency a coverage agreement, indicating the risk coverage provided to the Participating Agency by the Authority. The coverage provided by the coverage agreement begins for each Participating Agency on such date as set forth in the coverage agreement and shall expire at the end of each coverage period of the Authority.
- (c) Deductibles. For each coverage agreement provided, the Authority is responsible for the risks covered by the coverage agreement over and above the deductible but only up to the limits of the coverage agreement, or the amount of

the settlement, whichever is less. Each Participating Agency is responsible for the deductible applicable to it under the coverage agreement. Each Participating Agency shall designate the deductible for each of its coverage agreements, but in no case will it be less than \$1,000 per covered loss. The Authority shall take the amount of the deductible into consideration in calculating the amount charged to each Participating Agency for the risks covered.

- (d) Subrogation. The Authority shall share each subrogation recovery with the Participating Agency in the proportion that the deductible bears to the loss incurred after first deducting the cost of the subrogation. The term "loss" includes the deductible, claims paid, legal costs and all other costs related to the handling and satisfaction of the claim. Each subrogation action shall be brought on behalf of both the Participating Agency and the Authority.
- (e) Special Coverages. The Authority may negotiate special coverages with or for a Participating Agency(ies) as may be requested by the Participating Agency(ies). However, these special coverages must be approved by the board and be funded in accordance with the Authority's ByLaws or policies. It is intended that special coverages for any Participating Agency(ies) not be provided at the expense of the other Participating Agencies without board approval.

ARTICLE 17.

ACCOUNTS, RECORDS, AND AUDITS

- (a) Accounts and Records. The treasurer or the board's designee shall establish and maintain the funds and accounts in accordance with acceptable accounting practices and shall maintain such other records as the board requires. Books and records of the Authority in the possession of the treasurer or the board's designee shall be open to inspection at all reasonable times by designated representatives of the Participating Agencies. The treasurer or the board's designee shall report to the board as required by State law and board policy.
- (b) Audits. The board shall contract with a certified public accountant to make 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 for special districts under Government Code Section 26909 and shall conform to generally accepted auditing standards. When an audit is completed, the Authority shall have a copy of the audit report filed as a public record with each Participating Agency. The audit report shall be filed within 6 months of the end of the fiscal year under examination. The Authority shall bear the costs of the audit. These costs are a charge against the operating funds of the Authority.

- (c) Risk Management Audits. The board may cause claims, actuarial, or other such risk management audits to be made to assess the financial status of the Authority. The costs of such audits shall be paid by the Authority. The scope and frequency of such audits will be determined by board policy.

ARTICLE 18.

RESPONSIBILITY FOR MONIES

The Treasurer or board's designee shall receive, invest, and disburse funds only in accordance with the policies established by the board and in conformity with applicable law. The Treasurer or board's designee shall have the authority to expend funds which have been budgeted, as provided in the ByLaws.

ARTICLE 19.

LOSS RECORDS

The Authority shall maintain or have maintained accurate loss records for all covered risks, for all claims paid, and for such other losses as it requires or directs be maintained.

ARTICLE 20.

AUTHORITY FUNCTIONS AND RESPONSIBILITIES

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

- (a) Assist the Participating Agencies in establishing a risk management program that may include, but is not limited to, a risk management statement, risk management committees, and risk management audits;
- (b) provide coverage, as authorized by the board, through, but not limited to, a self-insurance fund and commercial insurance, as well as excess coverage and umbrella insurance, by negotiation, bid, or purchase;
- (c) provide loss prevention, safety, and security advice;

- (d) provide claims management and legal services for covered risks, which exceed the Participating Agency's deductible, and for covered risks that do not exceed the Participating Agency's deductible;
- (e) provide claims recovery and subrogation services to investigate, pursue and collect for damages caused by the acts of others;
- (f) assist in providing rehabilitation services under workers' compensation to reduce industrial disability retirement liabilities;
- (g) establish actuarial services to distribute costs and generate revenues in accordance with the provisions of Article 15 herein;
- (h) provide loss analysis control 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 deductibles;
- (i) assist Participating Agencies in maintaining current, complete, and accurate building and contents values by location for insured properties;
- (j) select legal counsel according to policy established by the board;
- (k) perform other functions as required by the board for the purpose of accomplishing the goals of this Agreement.

ARTICLE 21.

PARTICIPATING AGENCY RESPONSIBILITIES

Each Participating Agency has the following responsibilities:

- (a) appoint its representative and alternate to the Authority board (not including Associate Member Agencies);
- (b) appoint an employee of the Participating Agency to be responsible for the risk management function within that Participating Agency, and to serve as a liaison between the Participating Agency and the Authority regarding risk management matters;

- (c) adopt a risk management program that may include but not be limited to, a risk management statement, risk management committee, and risk management audits;
- (d) establish and maintain an active safety committee;
- (e) report to the Authority's risk manager, during the development stage, the addition of new programs or facilities, and the significant reduction or expansion of existing programs or facilities;
- (f) provide the Authority with current, complete, and accurate information which will be used to determine the appropriate coverage cash payments for each coverage program. This information can include but not be limited to property and building values, vehicle types and numbers, annual payrolls, miles of streets and sidewalks, and other pertinent demographic information;
- (g) cooperate fully with the Authority in determining the cause of losses and in the settlement of losses;
- (h) promptly notify the Authority of any claim or summons and complaint which is defined as a "covered loss", that is filed against and/or received by a Participating Agency;
- (i) comply with the risk management requirements established by the Authority pursuant to this Agreement;
- (j) pay its coverage cash payments, and any adjustments thereto, promptly to the Authority when due. After withdrawal or termination, such agency shall pay promptly to the Authority its share of any additional coverage cash payments, when and if required of it by the board under Article 24 or 25 of this Agreement;
- (k) provide the Authority with such other information or assistance as may be necessary for the Authority to carry out the joint protection program under this Agreement;
- (l) cooperate with and assist the Authority, and any insurer, claims adjuster or legal counsel, of the Authority, in all matters relating to this Agreement and covered losses, and comply with all ByLaws, policies, rules and regulations adopted by the board.

ARTICLE 22.

EXPULSION

The Authority shall have the right to expel any Participating Agency from a specific coverage program or from the entire Joint Powers Agreement upon two-thirds vote of the entire board after ninety (90) days written notice to the Participating Agency and such expulsion shall be effective at the conclusion of the program year in which the notice is given, unless a different, specific date is stated by the board. Any Participating Agency so expelled shall, on the effective date of the cancellation, be treated the same as if the Participating Agency had voluntarily withdrawn from this program.

ARTICLE 23.

WITHDRAWAL

- (a) A new Participating Agency which enters into this Joint Powers Agreement shall not withdraw as a party to this Agreement and as a Participating Agency of the Authority for a three (3) year period commencing on the date said new Participating Agency became a Participating Agency of the Authority. The exception to this section is the Yolo County Communications Emergency Service Agency whose 3 year period ends on June 30, 1992.
- (b) After the initial three year non-cancelable commitment to the Agreement, a Participating Agency may withdraw only at the end of a fiscal year of the Authority, provided it has given the Authority a six-month written notice of its intent to withdraw from this Agreement and the joint protection program;
- (c) Any Participating Agency which withdraws as a party to this Agreement pursuant to Section (b) of this Article, or is expelled pursuant to Article 22, shall not be reconsidered for new membership until the expiration of five years from the Participating Agency's withdrawal and shall be removed from the ByLaws Addendum regarding Member Agency and Associate Member Agency listing.

ARTICLE 24.

EFFECT OF WITHDRAWAL

- (a) The withdrawal of any Participating Agency from a specific coverage program or this Agreement shall not terminate this Agreement and no Participating Agency, by withdrawing, shall be entitled to payment for, or return of, any assets including but not limited to annual charges, any premium, reserves, consideration, or property paid or donated by the Participating Agency to the Authority, or to any distribution of assets.
- (b) The withdrawal of any Participating Agency after the effective date of the joint protection program shall not terminate its responsibility to contribute its share of annual charges or funds to any fund or coverage program created by the Authority until all claims, or other unpaid liabilities, covering the period the Participating Agency was signatory hereto have been finally resolved and a determination of the final amount of payments due by the Participating Agency or credits to the Participating Agency for the period of its membership had been made by the board. In connection with this determination, the board may exercise similar powers to those provided for in Article 25 (c)-(d) of this Agreement.

ARTICLE 25.

TERMINATION AND DISTRIBUTION

- (a) This Agreement may be terminated at any time by the written consent of three-fourths (3/4) of the Member Agencies (excluding Associate 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 Participating Agencies of the joint protection program, including any of those parties which previously withdrew pursuant to Article 22 or 23 (b) of this Agreement, in accordance with the proportionate to their cash payments and property contributions (at market value when received by the Authority) 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 disposed of.

- (c) The board is vested with all powers of the Authority for the purpose of concluding and dissolving the business affairs of the Authority. These powers shall include the power to require Participating Agencies, including those which were Participating Agencies at the time the claim arose or at the time the loss was incurred, to pay their share of any additional amount of cash payment deemed necessary by the board for final disposition of all claims and losses covered by this Agreement. A Participating Agency's share of such additional cash payment shall be determined by board policy.
- (d) The decision of the board under this Article shall be final.

ARTICLE 26.

NEW MEMBERS

The Authority may allow entry into the program except as specified in Article 23 (c), of new members approved by two-thirds (2/3) of the entire board. Requests for membership shall only be considered by the board if the agency requesting membership has submitted a written request to the board. The board shall not consider a request for membership unless it includes such information, including, but not limited to premium, loss experience, and risk exposure data as the board shall specify. Agencies entering under this Article shall be required to pay their share of organizational expenses as determined by the board, including those necessary to analyze their loss data and determine their premiums.

A new member's initial premium shall be prorated in accordance with the remainder of the fiscal year following admission. The next three full fiscal year annual charges may be the basis of any premium adjustments made in accordance with Article 15 of this Agreement or the ByLaws.

The new Participating Agency will be an Associate Member Agency unless an affirmative vote of seventy-five percent (75%) of the Participating Agencies designate it a Member Agency.

ARTICLE 27.

NOTICES

Notices to Participating Agencies under this Agreement shall be sufficient if mailed, first class mail, to the respective addresses of the Participating Agencies on file with the Authority. Notices to the Authority shall be sufficient if mailed to the office of the risk manager.

ARTICLE 28.

SEVERABILITY

Should any portion, term, condition or provision of this Agreement be decided by a court of competent jurisdiction to be illegal or in conflict with any law of the State of California or the United States, or otherwise rendered unenforceable or ineffectual, the validity of the remaining portions, terms, conditions and provisions shall not be affected thereby.

ARTICLE 29.

PROHIBITION AGAINST ASSIGNMENT

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

ARTICLE 30.

AMENDING AGREEMENT

This Agreement may be amended from time to time by a vote of 75% of the Participating Agencies. Such amendments shall be binding upon all members of the Authority.

ARTICLE 31.

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.

RESERVED FOR PAGES N-21 THROUGH N-30