

BYLAWS

THE FOLLOWING BYLAWS ARE FOR THE REGULATION OF THE YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY, EXCEPT AS OTHERWISE PROVIDED BY STATUTE OR THE AGREEMENT CREATING THE YOLO COUNTY PUBLIC AGENCY RISK MANAGEMENT INSURANCE AUTHORITY.

ARTICLE I

DEFINITIONS

The terms in these ByLaws shall be the same as those that are defined in the Agreement creating the Yolo County Public Agency Risk Management Insurance Authority, unless otherwise specified herein.

- (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 these 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 the 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 that 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 7. A listing of the "**member agencies**" will be an addendum to these 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, 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.

ARTICLE II

DIRECTORS AND OFFICERS

A. **Members.** 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 to the Board of Directors. Each Member agency's policy-making body shall also appoint one alternate member. The appointment of the member and the alternate member shall be made in writing and become effective upon the date of receipt of a letter from the agency or such date as stated in the letter, whichever date is

later. 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 of the board has one vote.

B. **Officers.** The Board shall elect a president and vice-president from among its members prior to the succeeding fiscal year. Each officer shall assume the duties of his/her 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 and perform such other duties as the Board may specify. In the absence or inability of the president to act, the vice-president acts as president and performs such other duties as the Board may specify.

The Board shall appoint a risk manager who shall be the Secretary and Chief Executive Officer of the Authority. The Risk manager shall administer the operations of the Authority, to cause minutes to be kept as specified by the Board, to maintain or cause to maintain all accounting and other financial records of the Authority, to file financial reports of the Authority, and to perform other such duties as the Board may specify.

The Board shall appoint as a treasurer/auditor a person who need not be a member of the Board, but whose qualifications shall be set by Board policy. This person shall have the powers, duties and responsibilities specified in Government Code Section 6505.5.

All other staff positions will be appointed by the Risk manager subject to budget approval by the Board.

The Board shall require the risk manager and the treasurer/auditor to file with the Authority an individual or a master bond in the 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.

ARTICLE III

OFFICES

The principal executive office for the transaction of business of the Authority and receipt of all notices is hereby fixed and located as described in Addendum II attached hereto and incorporated herein by reference. The Board shall have the authority to change the location of the principal executive office. Other business offices may at any time be established by the Board at any place or places where the Authority is qualified to do business.

ARTICLE IV

BOARD MEETINGS AND RECORDS

A. Regular Meetings. The Board shall fix the time and place for its meetings and shall hold at least one annual meeting. 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. All meetings of the Board, including without limitation, regular, adjourned regular, and special meetings, shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act, or any other applicable State law.

C. Minutes. The risk manager shall cause minutes of all regular, adjourned regular and special meetings kept. As designated by the Board, a copy of the minutes will be forwarded to each member of the Board and to each Participating agency.

D. Quorum. No business may be transacted without a quorum of the members of the Board being present. A quorum shall consist of two-thirds of the members of the entire Board.

E. Committees. The Board may establish committees and delegate to them functions not otherwise reserved to the entire Board.

ARTICLE V

DUTIES OF MEMBERS

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

ARTICLE VI

ACCOUNTS AND RECORDS

A. Yolo County Public Agency Risk Management Insurance Authority shall maintain such funds and accounts in accordance with acceptable accounting practices or by any provision of the law or any policy of the Board. Books and records 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 member agencies.

B. The treasurer or the Board's designee, shall report to the Board as required by State law and Board policy.

C. 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 audit report shall be filed within 6 months of the end of the fiscal year under examination. The Authority shall bear the cost of the audit.

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

E. 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.

F. 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 VII

RECEIPT AND DISBURSEMENT OF FUNDS

Revenues of the Authority shall be received by the principle executive officer. The Treasurer or the Board's designee shall safeguard and invest funds in accordance with the Authority's current Investment Policy. All checks disbursing funds of the Authority shall be signed by the appropriate employees or officers as established by the action of the Board. The Board's designee shall be authorized to make all expenditures for goods and services without specific approval, to the extent such funds have been included and approved by adoption of the budget or as previously approved by the Board.

ARTICLE VIII

SETTLEMENT OF CLAIMS

The Risk manager or the Board's designee shall have authority to settle claims up to the limit specified by law and Board policy but not to exceed the actual amount of the claim. Settlement of claims in excess of \$50,000 shall be accomplished by a majority vote of the Board in Executive Session unless prior authorization is given the Risk manager or its designee.

ARTICLE IX

POOLED RISK COVERAGE PROGRAMS

The Authority shall provide pooled risk coverage programs for automobile/general liability, workers' compensation, property, and other risk coverages as determined by the Board of Directors. All Participating agencies, unless otherwise mandated by the State of California, must participate in the automobile/general liability program in order to maintain their membership in the Authority. The terms and conditions of each pooled risk coverage program including, but not limited to, agency participation commitment, choices of self insured retentions, cash payments, formulas, and other relevant details will be determined by the Board through these ByLaws, addendum, and policy.

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

The automobile/general liability, workers' compensation, general property, boiler and machinery, and fidelity programs of the Authority shall provide coverage in accordance with the terms of the current coverage agreement and with limits and self insured retention options that are determined by the Board of Directors.

Coverage may be provided by a self funded risk sharing pool and/or purchased coverage program as determined by the Board of Directors as described in policy or the attached Addendum and incorporated by reference herein.

Each pooled risk coverage program will be funded by annual cash payments of the Participating agencies at a level that is determined to be sufficient to cover the predicted losses, loss adjustment expenses, defense costs, excess insurance premiums, and proportionate share of general administrative expenses of the Authority.

The cash payments shall be calculated by taking into consideration the above expenses as well as each Participating agency's incurred loss experience and deductible selected. The formula for establishing the cash payments shall be included

as an addendum to these ByLaws and can be changed by the Board to properly fund each program.

The cash payments will be pooled with each year's cash payment to provide a central pool for each pooled risk coverage program. These cash payments paid to the Authority and any investment income attributed to such fund shall be held in trust by the Authority to carry out the purposes of the Authority as set forth in these ByLaws and the Authority Agreement. No cash refund of excess funds shall be made to the Participating agencies. Excess funds or reserves may be distributed as credits to the current or subsequent year's program cash payment based on the board established prorata share of each Participating agency's cash contribution. Excess funds in one pooled risk coverage program shall not be used to fund a different pooled risk coverage program.

Cash payment invoices are payable upon receipt and become in arrears thirty (30) days after the invoice date. Interest and/or other penalties for all such invoices in arrears shall be calculated in accordance with the policies and procedures adopted by the Board.

ARTICLE X

SURCHARGE CASH PAYMENT

The Board, by two-thirds (2/3) vote of the entire Board, shall have the authority to levy a surcharge cash payment for any pooled coverage program. There must be a finding by the Board that there are insufficient funds available to the Authority to meet its legal obligations for that pooled coverage program. The surcharge cash payment will be levied against all members participating in the pooled coverage program in the amount determined by the Board.

The surcharge cash payment will be due and payable 30 days from the date the Board declares the surcharge cash payment, unless otherwise indicated. Any costs, including attorney's fees, incurred by the Authority in collecting such cash payment, shall be reimbursed in full by the Participating agency against which such collection action has been taken.

ARTICLE XI

MEMBERSHIP

A. New Members. The Authority may allow entry into the program new members approved by the Board only at the beginning of the Authority's fiscal year following the Authority's fiscal year in which the request to join the Authority is submitted to the Board by the Agency requesting membership. Request for membership shall only be considered by the Board if the Agency requesting membership has submitted a written request to the Board at least six months prior to the beginning of the Authority's fiscal year in which the Agency seeks membership. Moreover, 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.

ARTICLE XII

AMENDMENTS TO THE BYLAWS

A. These ByLaws may be amended by submitting a written request to the Board of Directors at least thirty (30) days prior to the proposed date change. A report must be sent to each Participating agency with a request for comment forwarded to each Participating agency prior to any final action of the Board. These ByLaws may be amended by a majority vote of the Member agencies following the thirty (30) day notice to all Participating agencies. The amendment will be effective immediately unless otherwise noted.

ARTICLE XIII

SEVERABILITY

Should any portion, term, condition or provision of this ByLaws 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 be rendered unenforceable or ineffectual, the validity of the remaining portions, terms, conditions and provisions shall not be affected thereby.

ADDENDUM I

MEMBER AGENCY AND ASSOCIATE MEMBER AGENCY LISTING

Member Agencies

- ❖ City of Davis (7/1/1979)
- ❖ City of Winters (7/1/1979)
- ❖ City of Woodland (7/1/1979)
- ❖ County of Yolo (7/1/1979)
- ❖ Esparto Unified School District (7/1/1979)
- ❖ City of West Sacramento (7/1/1985 as inc. of East Yolo)

Associate Member Agencies

- ❖ Springlake Fire Protection District (10/27/1983)
- ❖ Yolo-Solano Air Quality Management District (7/1/1985)
- ❖ Capay Valley Fire Protection District (8/22/1986)
- ❖ Yolo Emergency Communications Agency (7/28/1988)
- ❖ East Davis County Fire Protection District (5/1/1997)
- ❖ California Superior Courts, County of Yolo (7/1/1999)
- ❖ No Man's Land Fire Protection District (8/23/2000)
- ❖ Yolo County Law Library (4/25/2001)
- ❖ In-Home Supportive Services Public Authority (1/1/2002)
- ❖ Yolo County Local Agency Formation Commission (7/1/2003)
- ❖ Davis Cemetery District (7/1/2003)
- ❖ Madison Fire District (11/1/2003)
- ❖ Yolo Habitat Conservancy JPA (12/1/2003)
- ❖ Winters Cemetery District (12/1/2003)
- ❖ Dunnigan Fire Protection District (9/1/2004)
- ❖ Cottonwood Cemetery District (11/15/2005)
- ❖ Clarksburg Fire Protection District (2/1/2006)
- ❖ Sacramento-Yolo Port District (5/22/2006)
- ❖ Winters Fire Protection District (7/1/2006)
- ❖ Madison Community Service District (11/1/2008)
- ❖ Woodland-Davis Clean Water Agency (9/15/2009)
- ❖ Willow Oak Fire Protection District (7/1/2016)
- ❖ West Plainfield Fire Protection District (7/1/2016)

ADDENDUM II

OFFICES

The principal address of the Yolo County Public Agency Risk Management Insurance Authority for the transaction of business and receipt of all notices shall be:

77 W. Lincoln Avenue, Woodland, CA 95695

ADDENDUM III

ANNUAL CASH PAYMENT FORMULA
FOR
GENERAL AND AUTO LIABILITY COVERAGE PROGRAM

In order to be a Participating agency of the Yolo County Public Agency Risk Management Insurance Authority, an agency, unless otherwise mandated by the State of California, must participate in the general/auto liability coverage program. The coverage provided to the general/auto liability program is described in the coverage agreement which delineates the deductibles, YCPARMIA's self-insurance level, the excess insurance level, coverage provided, exclusions, entities covered, limits of coverage, and other pertinent information concerning the coverage afforded to the Participating agencies.

The following formulas will be used to assess each Participating agency an annual cash payment for the general/auto liability coverage program. The formula takes into account whether the Participating agency is a new agency, a current agency, or an agency who is not generating sufficient cash payments to cover its fair share of Authority expenses. Additionally, provision is made to assess a surcharge in the event the program is found to be without sufficient operating funds in any given program year.

The Authority shall assess a new Participating agency, during each of its full three years of membership in the Authority, an annual cash payment for the general/auto liability coverage program, equal to the annual premiums incurred by the new agency for its general/auto liability coverage for the twelve month period immediately preceding the beginning of the Authority's fiscal year in which the new agency becomes a member of the Authority, modified by whatever surcharge or credit may be specified by the Board. If the new Participating agency was not paying a premium or cash payment, the Board will then make a determination of the proper annual cash payment. If an actuarial study is necessary to determine the surcharge, credit, or proper annual cash payment, then the cost of such study may be borne by the new Participating agency. Thereafter, the Risk manager shall calculate annually the amount of the annual cash payment for the Participating agency's risk coverage for the first full three years of participation in the Authority. The Risk manager shall make the appropriate calculations, review them with and have them approved by the Board, and shall distribute the invoice no more than 15 days after approval by the Board. The invoice for the general/auto liability cash payment is due and payable no later than 30 calendar days after the invoice date. The Board may assess penalties or other fees if the cash payment is not paid by the due date.

After the first three full years of participation in the Authority, the following cash payment formula will apply. The annual cash payment charged each Participating

agency for the general/auto liability coverage program, shall consist of each Participating agency's prorata share of:

- excess insurance premiums, reinsurance premiums, or other excess insurance costs, by whatever name known;
- charge for pooled risk, recognizing deductibles;
- claims adjusting and legal costs;
- administrative costs and other costs necessary to operate the Authority.

The cash payment formula consists of two components, a fixed cost allocation and a variable cost allocation. The fixed cost component of the formula will be allocated between each entity based on payroll. The variable cost component will be allocated based on each entity's percentage of the total net incurred loss reserves, capping individual claims at \$100,000, for the previous three calendar years. The two components, fixed costs and variable costs, will be combined to create a total cash payment. The actual cash payment cannot exceed or be less than a set maximum/minimum of the previous year's cash payment (150%/50%). However, if a surcharge is declared for all the entities, then the actual cash payment can exceed 150% of the previous year's cash payment for an individual entity. Regardless of the maximum/minimum cash payment computation, there will be a minimum cash payment for all entities. Once the actual cash payment has been determined, any excess fund credits will be taken off the cash payments and the final cash payment will be billed to each entity.

The components of the cash payment formula are broken out as follows:

Fixed Costs - Fixed costs include any excess coverage payments, administrative expenses, retained earning adjustment expenses, and other expenses that would be determined by the Board to be a fixed cost. Credits to the fixed costs could include excess coverage rebates, a percentage of a new Participating agency's cash payment and other credits determined by the Board.

Variable Costs - Variable costs include the actual claims administration costs, the actuarial determined costs for the claims filed, including IBNRs, any reserve adjustments determined to be necessary, and other costs. The credits include a share of the new entity's fixed cash payment, proportionate share of interest earned on the Authority's assets, and other credits determined by the Board.

Determination of Costs - The dollar amount of the fixed and variable costs will be determined by the use of actuarial studies, estimates by the Risk manager for the upcoming budget year, known actual costs, projections of current accounting data, or other methods as deemed appropriate.

Determination of proportionate entity share of fixed costs - The fixed costs components are determined by the payroll of the various Participating agencies. The Risk manager will take the actual payrolls as determined by DE3 for the calendar year immediately

preceding the fiscal year cash payment (i.e. calendar year 1989 payroll will be used for computing the fixed cost component of a cash payment for FY 1990/91). The fixed costs will be apportioned between the Participating agencies based on their percentage of the total payroll for all the Participating agencies in the general/auto liability coverage program.

Determination of a participating entity's proportionate share of variable costs - The variable costs will be proportioned among the Participating agencies by the use of the net incurred loss reserves, capping individual claims at \$100,000, for a three calendar year period of time. The three year period of time will be the current fiscal year to December 31, the two previous fiscal years, and 1/2 of the third previous fiscal year. As an example, the three year history to be used for the net incurred loss reserves for the cash payment of FY 1990/91 are net incurred loss reserves for FY 89/90 through December 31, 1989, all of FY 87/88 and FY 88/89, and 1/2 of FY 86/87. The net incurred loss reserves are defined as those incurred loss reserves that are set for each entity minus any deductibles that have been paid against those reserves. These reserves will be totaled and the Participating agency's percentage of the variable cost will be equal to the Participating agency's percentage of the total loss reserves.

Total cash payment - The total cash payment will be the combination of the fixed costs component and variable cost component.

Actual cash payment - The actual cash payment will be the cash payment that falls between the minimum and maximum range of the previous year's cash payment. The minimum/maximum range will be 50% for the minimum and 150% for the maximum of the previous year's cash payment. If the formula fails to generate a specified minimum cash payment, there will be a minimum cash payment (see below) regardless of the cash payment formula.

Minimum cash payments - It is expected that every participating entity will pay some minimum cash payment based on their exposure. In some cases, the payroll figure is too small or does not accurately reflect the exposure nor cover their share of the JPA costs. As a result, there will be two minimum cash payments regardless of the payroll figures.

- \$500 - This minimum cash payment applies to any JPA Participating agency whose sole function is an advisory board with no employees (volunteer or paid), who has neither operations or budget authority and whose loss history is insufficient to generate a \$500 cash payment.
- \$5,000 - This minimum cash payment applies to any JPA member whose functions include an operating board/CEO, has employees (volunteer or paid), has operational and/or budgetary authority, but has a payroll or loss history insufficient to generate a cash payment of \$5,000 using the cash payment

formula. Once the cash payment formula generates a cash payment greater than \$5,000, the minimum \$5,000 cash payment will no longer apply.

The total actual cash payment for the JPA will be composed of each Participating agency's formula determined cash payment, a new Participating agency's cash payment, and/or a minimum cash payment amount as determined above. If it is determined that, for a given program year, the actual program cash payment does not meet the financial needs of the general/auto liability coverage program, then a surcharge will be determined by the Board and charged based on the following criteria.

The Board shall determine the total amount of the new surcharge. The Risk manager will determine the cash payment of each participating entity and the total actual payment for the coverage program. The surcharge for each Participating agency shall equal the Participating agency's percentage of the program's total actual cash payment for the effected program year. The following is an example of how that will be determined.

Example:

Funds needed as a surcharge as determined by the Board for Program Year (A)	<u>\$100,000</u>
Total cash payments declared for 10 Participating agencies for Program Year (A)	<u>\$300,000</u>
Participating agency X's pre-credit cash payment for Program Year (A)	<u>\$ 30,000</u>
Participating agency X's share of the surcharge	10% or <u>\$ 10,000</u>

The surcharge shall be declared by the Board and due thirty (30) days from date the Board declares the surcharge. The Board may assess penalties or other fees if the surcharge is not paid by the due date.

Any credits that are declared by the Board will be taken off of the actual cash payment prior to the addition of the surcharge. When making a maximum and minimum cash payment computation, the previous year's cash payment prior to credits or surcharges will be the factor that the maximum or minimum percentage is applied against.

The CEO/Risk manager will attempt to have accurate estimates of each entity's cash payments known by the end of February each year. These payments will be declared no later than the end of August of the coverage year once any credits are known and applied.

LIABILITY CASH PAYMENT SAMPLE

<u>FIXED COSTS</u>	<u>AMOUNT</u>	<u>VARIABLE COSTS</u>	<u>AMOUNT</u>
EXCESS COVERAGE	\$1,076,553.00	CLAIMS ADMIN	\$10,000.00
WELLNESS PROGRAM	\$0.00	ACTUARIAL DET CLAIMS COST	\$1,231,687.00
ADMINISTRATIVE EXPENSES	\$170,000.00	OTHER EXPENSES	\$0.00
RETAINED EARNINGS ADJ	\$0.00		
OTHER EXPENSES	\$0.00		
SUBTOTAL	\$1,246,553.00	SUBTOTAL	\$1,241,687.00
EXCESS REBATE CREDIT	-\$200,000.00	INTEREST CREDIT	\$0.00
NEW ENTITY CP CREDIT	\$0.00	CREDITS	\$0.00
		NEW ENTITY CP CREDIT	\$0.00
TOTAL	\$1,046,553.00	TOTAL	\$1,241,687.00

	<u>PAYROLL</u>	<u>% OF PAYROLL</u>	<u>FIXED COSTS</u>	<u>3 YEARS INC LOSS HISTORY</u>	<u>% OF INC LOSS</u>	<u>VARIABLE COSTS</u>
CITY OF DAVIS	\$20,165,205.00	19.12%	\$200,049.43	\$156,665.00	18.31%	\$227,296.66
ESPARTO SCHOOL DIST	\$3,962,811.00	3.76%	\$39,313.17	\$2,110.00	0.25%	\$3,061.28
CITY OF W SACRAMENTO	\$13,336,778.00	12.64%	\$132,307.85	\$177,866.00	20.78%	\$258,056.03
CITY OF WINTERS	\$1,105,194.00	1.05%	\$10,964.11	\$7,918.00	0.93%	\$11,487.79
CITY OF WOODLAND	\$13,216,435.00	12.53%	\$131,113.98	\$332,668.00	38.87%	\$482,649.77
COUNTY OF YOLO	\$48,314,550.00	45.80%	\$479,305.73	\$169,110.00	19.76%	\$245,352.43
YOLO COUNTY COURTS	\$3,019,751.00	2.86%	\$29,957.52	\$0.00	0.00%	\$0.00
YOLO/SOLANO AQMD	\$882,005.00	0.84%	\$8,749.95	\$0.00	0.00%	\$0.00
CAPAY FIRE DISTRICT	\$17,808.00	0.02%	\$176.66	\$0.00	0.00%	\$0.00
YCCESA	\$1,473,168.00	1.40%	\$14,614.60	\$9,500.00	1.11%	\$13,783.03
TOTAL	\$105,493,705.00	100.00%	\$1,046,553.00	\$855,837.00	100.00%	\$1,241,687.00

	<u>FIXED COSTS COMPONENT</u>	<u>VAR COSTS COMPONENT</u>	<u>TOTAL PREMIUM</u>	<u>FY 1999/2000 CASH PAYMENT</u>	<u>MAX PYMT 150%</u>	<u>MIN PYMT 50%</u>
CITY OF DAVIS	\$200,049.43	\$227,296.66	\$427,346.09	\$408,702.00	\$613,053.00	\$204,351.00
ESPARTO SCHOOL DIST	\$39,313.17	\$3,061.28	\$42,374.45	\$34,645.00	\$51,967.50	\$17,322.50
CITY OF W SACRAMENTO	\$132,307.85	\$258,056.03	\$390,363.88	\$249,727.00	\$374,590.50	\$124,863.50
CITY OF WINTERS	\$10,964.11	\$11,487.79	\$22,451.90	\$21,449.00	\$32,173.50	\$10,724.50
CITY OF WOODLAND	\$131,113.98	\$482,649.77	\$613,763.75	\$680,407.00	\$1,020,610.50	\$340,203.50
COUNTY OF YOLO	\$479,305.73	\$245,352.43	\$724,658.16	\$636,145.00	\$954,217.50	\$318,072.50
YOLO COUNTY COURTS	\$29,957.52	\$0.00	\$29,957.52	\$30,800.00	\$46,200.00	\$15,400.00
YOLO/SOLANO AQMD	\$8,749.95	\$0.00	\$8,749.95	\$9,125.00	\$13,687.50	\$4,562.50
CAPAY FIRE DISTRICT	\$176.66	\$0.00	\$176.66	\$5,000.00	\$7,500.00	\$5,000.00
YCCESA	\$14,614.60	\$13,783.03	\$28,397.63	\$15,470.00	\$23,205.00	\$7,735.00
TOTAL	\$1,046,553.00	\$1,241,687.00	\$2,288,240.00	\$2,091,470.00	\$3,137,205.00	\$1,048,235.00

<u>ACTUAL PREMIUM</u>	<u>PREMIUM</u>	<u>ADJUSTED PREMIUM</u>	
CITY OF DAVIS	\$427,346.09	\$427,346.09	
ESPARTO SCHOOL DIST	\$42,374.45	\$42,374.45	
CITY OF W. SACTO*	\$374,590.50	\$374,590.50	
CITY OF WINTERS	\$22,451.90	\$22,451.90	
CITY OF WOODLAND	\$613,763.75	\$507,617.00	
COUNTY OF YOLO	\$724,658.16	\$724,658.16	
YOLO COUNTY COURTS	\$29,957.52	\$29,957.52	
YOLO/SOLANO AQMD	\$8,749.95	\$8,749.95	
CAPAY FIRE DISTRICT**	\$5,000.00	\$5,000.00	
SPRINGLAKE**	\$500.00	\$500.00	
YCCESA*	\$23,205.50	\$23,205.50	
EAST DAVIS FIRE DIST**	\$500.00	\$500.00	
TOTAL	\$2,273,097.82	\$2,166,951.07	

*MAXIMUM CASH PAYMENT
**MINIMUM CASH PAYMENT

ADDENDUM IV

ANNUAL CASH PAYMENT FORMULA
FOR
WORKERS' COMPENSATION COVERAGE PROGRAM

The coverage provided to the workers' compensation program is described in the coverage agreement which delineates the deductibles, YCPARMIA's self insurance level, the excess insurance level, coverage provided, exclusions, entities covered, limits of coverage, and other pertinent information concerning the coverage afforded to the Participating agencies.

The following formula will be used to assess each Participating agency's annual cash payment for the workers' compensation coverage program. The formula takes into account whether the Participating agency is a new agency, a current agency, or an agency who is not generating sufficient cash payments to cover its fair share of Authority expenses. Additionally, provision is made to assess surcharge in the event the program is found to be without sufficient operating funds in any given program year.

The Authority shall assess a new Participating agency during each of its full three years of membership in the Authority, an annual cash payment for the workers' compensation coverage program, equal to the annual premiums incurred by the new agency for its workers' compensation coverage for the twelve month period immediately preceding the beginning of the Authority's fiscal year in which the new agency becomes a member of the Authority, modified by whatever surcharge or credit may be specified by the Board. If the new Participating agency was not paying a premium or cash payment, the Board will then make a determination of the proper annual cash payment. If an actuarial study is necessary to determine the surcharge, credit, or proper annual cash payment, then the cost of such study may be borne by the new Participating agency. Thereafter, the Risk manager shall calculate annually the amount of the annual cash payment for the Participating agency's risk coverage for the first full three years of participation in the Authority. The Risk manager shall make the appropriate calculations, review them with and have them approved by the Board, and shall distribute the invoice no more than 15 days after approval by the Board. The invoice for the workers' compensation cash payment is due and payable no later than 30 calendar days after the invoice date. The Board may assess penalties or other fees if the cash payment is not paid by the due date.

After the first three full years of participation in the Authority, the following cash payment formula will apply. The annual cash payment charged each Participating agency for the workers' compensation coverage program, shall consist of each Participating agency's prorata share of:

- excess insurance premiums, reinsurance premiums, or other excess insurance costs, by whatever name known;

- charge for pooled risk, recognizing deductibles;
- claims adjusting and legal costs;
- administrative costs and other costs necessary to operate the Authority.

The cash payment formula consists of two components, a fixed cost allocation and a variable cost allocation. The fixed cost component of the formula will be allocated between each entity based on payroll. The variable cost component will be allocated based on each entity's percentage of the total paid-to-date for the previous three calendar years. The two components, fixed costs and variable costs, will be combined to create a total cash payment. The actual cash payment cannot exceed or be less than a set maximum/minimum of the previous year's cash payment (150%/50%). However, if a surcharge is declared for all the entities, then the actual cash payment can exceed 150% of the previous year's cash payment for an individual entity. Regardless of the maximum/minimum cash payment computation, there will be a minimum cash payment for all entities. Once the actual cash payment has been determined, any excess fund credits will be taken off the cash payments and the final cash payment will be billed to each entity.

The components of the cash payment formula are broken out as follows:

Fixed Costs - Fixed costs include any excess coverage payments, administrative expenses, retained earning adjustment expenses, wellness program, and other expenses that would be determined by the Board to be a fixed cost. Credits to the fixed costs could include excess coverage rebates, a percentage of a new Participating agency's cash payment and other credits determined by the Board.

Variable Costs - Variable costs include the actual claims administration costs, the actuarial determined costs for the claims filed, including IBNRs, any reserve adjustments determined to be necessary, state assessment fees, and other costs. The credits include a share of the new entity's fixed cash payment, proportionate share of interest earned on the Authority's assets, and other credits determined by the Board.

Determination of Costs - The dollar amount of the fixed and variable costs will be determined by the use of actuarial studies, estimates by the Risk manager for the upcoming budget year, known actual costs, projections of current accounting data, or other methods as deemed appropriate.

Determination of proportionate entity share of fixed costs - The fixed costs components are determined by the payroll of the various Participating agencies. The Risk manager will take the actual payrolls as determined by the quarterly wage and withholding report for the calendar year immediately preceding the fiscal year cash payment (i.e. calendar year 1989 payroll will be used for computing the fixed cost component of a cash payment for FY 1990/91). The fixed costs will be apportioned between the Participating agencies based on their

percentage of the total payroll for all the Participating agencies in the general/auto liability coverage program.

Determination of a participating entity's proportionate share of variable costs -

The variable costs will be proportioned among the Participating agencies by the use of the net paid to date figures for a three calendar year period of time. The three year period of time will be the current fiscal year to December 31, the two previous fiscal years, and 1/2 of the third previous fiscal year. As an example, the three year history to be used for the net paid to date figures for the cash payment of FY 1990/91 are net paid to date figures for FY 89/90 through December 31, 1989, all of FY 87/88 and FY 88/89, and 1/2 of FY 86/87. The net paid to date dollar figures are defined as the dollar amount of claims paid to date for a given coverage year for each entity with individual claim payments capped at \$75,000. These dollar amounts will be totaled and the Participating agency's percentage of the variable cost will be equal to the Participating agency's percentage of the total net paid to date dollar amounts.

Total cash payment - The total cash payment will be the combination of the fixed costs component and variable cost component.

Actual cash payment - The actual cash payment will be the cash payment that falls between the minimum and maximum range of the previous year's cash payment. The minimum/maximum range will be 50% for the minimum and 150% for the maximum of the previous year's cash payment. If the formula fails to generate a specified minimum cash payment, there will be a minimum cash payment (see below) regardless of the cash payment formula.

Minimum cash payments - It is expected that every participating entity will pay some minimum cash payment based on their exposure. In some cases, the payroll figure is too small or does not accurately reflect the exposure nor cover their share of the JPA costs. As a result, there will be two minimum cash payments regardless of the payroll figures.

- \$500 - This minimum cash payment applies to any JPA Participating agency whose sole function is an advisory board with no employees (volunteer or paid), who has neither operations or budget authority and whose loss history is insufficient to generate a \$500 cash payment.
- \$5,000 - This minimum cash payment applies to any JPA member whose functions include an operating board/CEO, has employees (volunteer or paid), has operational and/or budgetary authority, but has a payroll or loss history insufficient to generate a cash payment of \$5,000 using the cash payment formula. Once the cash payment formula generates a cash

payment greater than \$5,000, the minimum \$5,000 cash payment will no longer apply.

The total actual cash payment for the JPA will be composed of each Participating agency's formula determined cash payment, a new Participating agency's cash payment, and/or a minimum cash payment amount as determined above. If it is determined that, for a given program year, the actual program cash payment does not meet the financial needs of the workers' compensation coverage program, then a surcharge will be determined by the Board and charged based on the following criteria.

The Board shall determine the total amount of the new surcharge. The Risk manager will determine the cash payment of each participating entity and the total actual payment for the coverage program. The surcharge for each Participating agency shall equal the Participating agency's percentage of the program's total actual cash payment for the effected program year. The following is an example of how that will be determined.

Example:

Funds needed as a surcharge as determined by the Board for Program Year (A)	<u>\$100,000</u>
Total cash payments declared for 10 Participating agencies for Program Year (A)	<u>\$300,000</u>
Participating agency X's pre-credit cash payment for Program Year (A)	<u>\$ 30,000</u>
Participating agency X's share of the surcharge	10% or <u>\$ 10,000</u>

The surcharge shall be declared by the Board and due thirty (30) days from date the Board declares the surcharge. The Board may assess penalties or other fees if the surcharge is not paid by the due date.

Any credits that are declared by the Board will be taken off of the actual cash payment prior to the addition of the surcharge. When making a maximum and minimum cash payment computation, the previous year's cash payment prior to credits or surcharges will be the factor that the maximum or minimum percentage is applied against.

The CEO/Risk manager will attempt to have accurate estimates of each entity's cash payments known by the end of February each year. These payments will be declared no later than the end of August of the coverage year once any credits are known and applied.

W/C CASH PAYMENT SAMPLE

<u>FIXED COSTS</u>	<u>AMOUNT</u>	<u>VARIABLE COSTS</u>	<u>AMOUNT</u>
EXCESS COVERAGE	\$80,000.00	CLAIMS ADMIN	\$185,000.00
WELLNESS PROGRAM	\$320,000.00	ACTUARIAL DET CLAIMS COSTS	\$2,228,137.00
ADMINISTRATIVE EXPENSES	\$393,000.00	OTHER EXPENSES	\$0.00
RETAINED EARNINGS ADJ	\$0.00	STATE ASSEMENT	\$20,000.00
OTHER EXPENSES	\$0.00		
SUBTOTAL	\$793,000.00	SUBTOTAL	\$2,513,341.00
	\$0.00	NEW ENTITY CP CREDIT	\$0.00
RETAINED EARNINGS CREDIT	\$0.00	INTEREST CREDIT	\$0.00
OTHER CREDITS	\$0.00	CREDITS	\$0.00
OTHER CREDITS	\$0.00	CREDITS	\$0.00
TOTAL	\$793,000.00	TOTAL	\$2,513,341.00

	<u>PAYROLL</u>	<u>% OF PAYROLL</u>	<u>FIXED COSTS</u>	<u>3 YEARS PAID LOSS HISTORY</u>	<u>% OF PAID LOSS</u>	<u>VARIABLE COSTS</u>
CITY OF DAVIS	\$20,165,205.00	19.28%	\$152,886.63	\$628,511.00	23.06%	\$579,505.29
ESPARTO SCHOOL DIST	\$3,962,811.00	3.79%	\$30,044.86	\$59,686.00	2.19%	\$55,032.22
CITY OF W SACRAMENTO	\$13,336,778.00	12.75%	\$101,115.51	\$657,813.00	24.13%	\$606,522.58
CITY OF WINTERS	\$1,105,194.00	1.06%	\$8,379.25	\$7,132.00	0.26%	\$6,575.91
CITY OF WOODLAND	\$13,216,435.00	12.64%	\$100,203.11	\$490,179.00	17.98%	\$451,959.19
COUNTY OF YOLO	\$48,314,550.00	46.19%	\$366,306.65	\$879,908.00	32.28%	\$811,300.59
YOLO COUNTY COURTS	\$3,019,751.00	2.89%	\$22,894.86	\$2,211.00	0.08%	\$2,038.61
YCCESA	\$1,473,168.00	1.41%	\$11,169.12	\$441.00	0.02%	\$406.61
TOTAL	\$104,593,892.00	100.00%	\$793,000.00	\$2,725,881.00	100.00%	\$2,513,341.00

	<u>FIXED COSTS COMPONENT</u>	<u>VAR COSTS COMPONENT</u>	<u>TOTAL PREMIUM</u>	<u>1998/1999 PREMIUM</u>	<u>MAX PREM 150%</u>	<u>MIN PREM 50%</u>
CITY OF DAVIS	\$152,886.63	\$579,505.29	\$732,391.92	\$681,476.00	\$1,022,214.00	\$340,738.00
ESPARTO SCHOOL DIST	\$30,044.86	\$55,032.22	\$85,077.08	\$60,277.00	\$90,415.50	\$30,138.50
CITY OF W SACRAMENTO	\$101,115.51	\$606,522.58	\$707,638.09	\$751,646.00	\$1,127,469.00	\$375,823.00
CITY OF WINTERS	\$8,379.25	\$6,575.91	\$14,955.16	\$15,445.00	\$23,167.50	\$7,722.50
CITY OF WOODLAND	\$100,203.11	\$451,959.19	\$552,162.30	\$425,290.00	\$637,935.00	\$212,645.00
COUNTY OF YOLO	\$366,306.65	\$811,300.59	\$1,177,607.24	\$1,263,435.00	\$1,895,152.50	\$631,717.50
YOLO COUNTY COURTS	\$22,894.86	\$2,038.61	\$24,933.47	\$26,023.00	\$39,034.50	\$13,011.50
YCCESA	\$11,169.12	\$406.61	\$11,575.74	\$17,857.00	\$26,785.50	\$8,928.50
TOTAL	\$793,000.00	\$2,513,341.00	\$3,306,341.00	\$3,241,449.00	\$4,862,173.50	\$1,620,724.50

<u>ENTITY</u>	<u>PREMIUM</u>
CITY OF DAVIS	\$732,391.92
ESPARTO SCHOOL DIST	\$85,077.08
CITY OF W SACRAMENTO	\$707,638.09
CITY OF WINTERS	\$14,955.16
CITY OF WOODLAND	\$552,162.30
COUNTY OF YOLO	\$1,177,607.24
YOLO COUNTY COURTS	\$24,933.47
YCCESA	\$11,575.74
TOTAL	\$3,306,341.00

ADDENDUM V

GENERAL PROPERTY CASH PAYMENT PREMIUM

The following formula will be used to assess each Participating agency an annual charge for the general property coverage program. The total cost of the general property program will include excess insurance premium, charge for pooled risk, claims adjusting and legal expenses, and administrative and other costs necessary to operate the Authority.

The Risk manager will work with each Participating agency who is in the general property program and will establish by May 1st of each year a replacement value of all real and personal property, including vehicles, for each Participating agency. The Risk manager will then determine each Participating agency's percentage of the total value of all properties of the Participating agencies in the program.

Upon receipt of the excess insurance billing, the Risk manager will determine all the costs and present to the Board a recommended cash payment amount for each Participating agency in the coverage program. That amount will be based on each Participating agency's percentage of the total value of all property values of the Participating agency in the general property coverage program. Special coverages for a specific agency(ies) will be billed separately. The Board will review and declare the appropriate cash payments. The Risk manager will then bill each Participating agency by the end of the month in which the cash payments were declared by the Board, and each Participating agency's cash payment shall be due within thirty (30) days of the billing date. The Board may assess any penalties or other charges if the Participating agency fails to pay the cash payment when due.

There may be a program year when the above formula does not meet the financial needs of the general property coverage program. If that occurs and the Board determines a surcharge must be assessed, then the surcharge will be based on the following criteria. The Board shall determine the total amount of the needed surcharge. The Risk manager will determine the total cash payment previously established for each Participating agency for the affected program year. The surcharge for each Participating agency will equal the Participating agency's percentage of the total cash payment for the affected program year.

Example:

Funds needed as a surcharge as determined by the Board for Program Year (A)	<u>\$100,000</u>
Total cash payments declared for 9 Participating agencies for Program Year (A)	<u>\$300,000</u>
Participating agency X's premium for Program Year (A)	<u>\$ 30,000</u>
Participating agency X's share of the surcharge	10% or <u>\$ 10,000</u>

The surcharge shall be declared by the Board and due thirty (30) days from the date the Board declared the surcharge. The Board may assess penalties or other fees if the surcharge is not paid by the due date.

Property Cash Payment Sample

FIXED COSTS	AMOUNT				VARIABLE COSTS	AMOUNT
EXCESS COVERAGE	\$329,577.00				CLAIMS ADMIN	\$75,000.00
Port Excess	\$59,723.43				ADMINISTRATIVE EXPENSES	\$30,772.00
SUBTOTAL	\$ 389,300.43				SUBTOTAL	\$ 105,772.00
TOTAL	\$ 389,300.43				TOTAL	\$ 105,772.00

	VALUES	% OF VALUES	FIXED COSTS		VALUES	% OF VALUES	VARIABLE COSTS
CITY OF DAVIS	\$ 135,772,345	14.655%	\$57,050.55		\$ 135,772,345	14.655%	\$ 15,500.50
ESPARTO SCHOOL DIST	\$ 25,111,255	2.710%	\$ 10,551.57		\$ 25,111,255	2.710%	\$ 2,866.84
CITY OF WSACRAMENTO	\$ 182,396,803	19.687%	\$ 76,641.81		\$ 182,396,803	19.687%	\$ 20,823.40
CITY OF WINTERS	\$ 21,948,463	2.369%	\$ 9,222.58		\$ 21,948,463	2.369%	\$ 2,505.75
CITY OF WOODLAND	\$ 125,987,392	13.598%	\$ 52,938.99		\$ 125,987,392	13.598%	\$ 14,383.40
COUNTY OF YOLO	\$ 263,760,643	28.469%	\$ 110,830.30		\$ 263,760,643	28.469%	\$ 30,112.33
YECA	\$ 9,119,987	0.984%	\$ 3,832.15		\$ 9,119,987	0.984%	\$ 1,041.19
YOLO-SOLANO AQMD	\$ 774,337	0.084%	\$ 325.37		\$ 774,337	0.084%	\$ 88.40
CAPAY VALLEY FPD	\$ 1,865,625	0.201%	\$ 783.92		\$ 1,865,625	0.201%	\$ 212.99
IHSS	\$ 136,609	0.015%	\$ 57.40		\$ 136,609	0.015%	\$ 15.60
DAVIS CEMETERY DIST	\$ 1,437,504	0.155%	\$ 604.03		\$ 1,437,504	0.155%	\$ 164.11
LAW LIBRARY	\$ 1,094,583	0.118%	\$ 459.94		\$ 1,094,583	0.118%	\$ 124.96
YOLO COURTS	\$ 6,212,544	0.671%	\$ 2,610.47		\$ 6,212,544	0.671%	\$ 709.26
CLARKSBURG FPD	\$ 2,385,015	0.257%	\$ 1,002.17		\$ 2,385,015	0.257%	\$ 272.29
MADISON FIRE DIST	\$ 2,076,471	0.224%	\$ 872.52		\$ 2,076,471	0.224%	\$ 237.06
WINTERS CEMETERY DIST	\$ 604,337	0.065%	\$ 253.94		\$ 604,337	0.065%	\$ 68.99
COTTONWOOD CEMETERY	\$ 23,084	0.002%	\$ 9.70		\$ 23,084	0.002%	\$ 2.64
DUNNIGAN FPD	\$ 1,465,667	0.158%	\$ 615.86		\$ 1,465,667	0.158%	\$ 167.33
WINTERS FPD	\$ 2,075,165	0.224%	\$ 871.97		\$ 2,075,165	0.224%	\$ 236.91
PORT	\$ 142,133,421	15.341%	\$ 59,723.43		\$ 142,133,421	15.341%	\$ 16,226.71
MADISON SERVICE	\$ 99,402	0.011%	\$ 417.77		\$ 99,402	0.011%	\$ 113.55
TOTAL	\$ 926,480,652	100.00%	\$ 389,300.43		\$ 926,480,652	100.00%	\$ 105,772.00

	FIXED COSTS COMPONENT	VAR COSTS COMPONENT	TOTAL PREMIUM
CITY OF DAVIS	\$57,050.55	\$ 15,500.50	\$ 72,551.05
ESPARTO SCHOOL DIST	\$ 10,551.57	\$ 2,866.84	\$ 13,418.40
CITY OF WSACRAMENTO	\$ 76,641.81	\$ 20,823.40	\$ 97,465.21
CITY OF WINTERS	\$ 9,222.58	\$ 2,505.75	\$ 11,728.34
CITY OF WOODLAND	\$ 52,938.99	\$ 14,383.40	\$ 67,322.38
COUNTY OF YOLO	\$ 110,830.30	\$ 30,112.33	\$ 140,942.63
YECA	\$ 3,832.15	\$ 1,041.19	\$ 4,873.34
YOLO-SOLANO AQMD	\$ 325.37	\$ 88.40	\$ 413.77
CAPAY VALLEY FPD	\$ 783.92	\$ 212.99	\$ 996.91
IHSS	\$ 57.40	\$ 15.60	\$ 73.00
DAVIS CEMETERY DIST	\$ 604.03	\$ 164.11	\$ 768.14
LAW LIBRARY	\$ 459.94	\$ 124.96	\$ 584.90
YOLO COURTS	\$ 2,610.47	\$ 709.26	\$ 3,319.72
CLARKSBURG FPD	\$ 1,002.17	\$ 272.29	\$ 1,274.45
MADISON FIRE DIST	\$ 872.52	\$ 237.06	\$ 1,109.58
WINTERS CEMETERY DIST	\$ 253.94	\$ 68.99	\$ 322.93
COTTONWOOD CEMETERY	\$ 9.70	\$ 2.64	\$ 12.34
DUNNIGAN FPD	\$ 615.86	\$ 167.33	\$ 783.19
WINTERS FPD	\$ 871.97	\$ 236.91	\$ 1,108.88
PORT	\$ 59,723.43	\$ 16,226.71	\$ 75,950.14
MADISON SERVICE	\$ 417.77	\$ 113.55	\$ 53.12
TOTAL	\$ 389,300.43	\$ 105,772.00	\$ 495,072.43

ENTITY	PREMIUM
CITY OF DAVIS	\$ 72,551.05
ESPARTO SCHOOL DIST	\$ 13,418.40
CITY OF WSACRAMENTO	\$ 97,465.21
CITY OF WINTERS	\$ 11,728.34
CITY OF WOODLAND	\$ 67,322.38
COUNTY OF YOLO	\$ 140,942.63
YECA	\$ 4,873.34
YOLO-SOLANO AQMD	\$ 413.77
CAPAY VALLEY FPD	\$ 996.91
IHSS	\$ 73.00
DAVIS CEMETERY DIST	\$ 768.14
LAW LIBRARY	\$ 584.90
YOLO COURTS	\$ 3,319.72
CLARKSBURG FPD	\$ 1,274.45
MADISON FIRE DIST	\$ 1,109.58
WINTERS CEMETERY DIST	\$ 322.93
COTTONWOOD CEMETERY	\$ 12.34
DUNNIGAN FPD	\$ 783.19
WINTERS FPD	\$ 1,108.88
PORT	\$ 75,950.14
MADISON SERVICE	\$ 53.12
TOTAL	\$ 495,072.43

EXCESS PORT SURCHARGE	
CSAC Port Invoice	\$ 266,434.00
YCPARMIA RATE	\$ 59,723.43
PORT SURCHARGE	\$ 206,710.57

ADDENDUM VI

THE BOILER & MACHINERY CASH PAYMENT PREMIUM

The Boiler & Machinery Cash Payment Premium is included in the Property Cash Payment Premium. The total cost of the boiler & machinery property coverage program will include excess insurance premiums, charge for pooled risk, claims adjusting and legal expenses, and administrative and other costs necessary to operate the Authority.

The Risk manager will use the property values determined on May 1 of each year, in the general property program, to provide a schedule of property values for both the property and boiler & machinery program. The Risk manager will determine each Participating agency's percentage of the total value of all properties of the Participating agencies in the both the property and boiler & machinery coverage program. Upon receipt of the excess insurance billing, the Risk manager will determine all the costs and present to the Board a recommended cash payment for each Participating agency in both the property and boiler & machinery coverage programs. That amount will be based on each Participating agency's percentage of the total value of all property values of the Participating agencies in both the property and boiler & machinery coverage program. Special coverage for a specific agency(ies) will be billed separately. The Board will then review and declare the appropriate cash payments. The Risk manager will bill each Participating agency by the end of the month by which the cash payments were declared by the Board, and each Participating agency's cash payment shall be due within thirty (30) days of the billing date. The Board may assess penalties or other fees if a Participating agency fails to pay the cash payment when due.

There may be a program year when the above formula does not meet the financial needs of both the property and boiler & machinery coverage program. If that occurs and the Board determines a surcharge must be assessed, then the surcharge will be based on the following criteria. The Board shall determine the total amount of the needed surcharge. The Risk manager will determine the total cash payment previously established for each Participating agency for the affected program year. The surcharge for each Participating agency will equal the Participating agency's percentage of the total cash payment for the affected program year.

Example:

Funds needed as a surcharge as determined by the Board for Program Year (A)	<u>\$100,000</u>
Total cash payments declared for 9 Participating agencies for Program Year (A)	<u>\$300,000</u>
Participating agency X's premium for Program Year (A)	<u>\$ 30,000</u>
Participating agency X's share of the surcharge	10% or <u>\$ 10,000</u>

The surcharge shall be declared by the Board and due thirty (30) days from the date the Board declared the surcharge. The Board may assess penalties or other fees if the surcharge is not paid by the due date.

ADDENDUM VII

FIDELITY CASH PAYMENT PREMIUM

The following formula will be used to assess each Participating agency an annual charge for the fidelity coverage program. The total cost of the fidelity coverage program will include excess insurance premiums, charge for pooled risk, claims adjusting and legal expenses, and administrative and other costs necessary to operate the Authority.

The Risk manager will receive DE3 forms from each Participating agency on a regular basis. On May 1st of each year, the Risk manager will review the DE3 forms for the period of April 1st of the preceding year through March 31st of the current year. The average number of employees, based on the DE3 figures, will be determined for each Participating agency involved in the fidelity coverage program. These average numbers will then be totaled, and each Participating agency's percentage of the total number of employees will be determined.

Upon receipt of the excess insurance billing, the Risk manager will determine all costs and present to the Board a recommended cash payment amount for each Participating agency in the fidelity coverage program. The amount will be based on each Participating agency's percentage of the total number of employees of the Participating agencies in the fidelity coverage program. The Board will review and declare the appropriate cash payments. The Risk manager will bill each Participating agency by the end of the month in which the cash payments were declared, and each Participating agency's cash payment will be due within thirty (30) days of the billing date. The Board may assess any penalties or other fees if the Participating agency fails to pay the cash payment when due.

There may be a program year when the above formula does not meet the financial needs of the fidelity coverage program. If that occurs and the Board determines a surcharge must be assessed, then the surcharge will be based on the following criteria. The Board shall determine the total amount of the needed surcharge. The Risk manager will determine the total cash payment previously established for each Participating agency for the affected program year. The surcharge for each Participating agency will equal the Participating agency's percentage of the total cash payment for the affected program year.

Example:

Funds needed as a surcharge as determined by the Board for Program Year (A)	<u>\$100,000</u>
Total cash payments declared for 9 Participating agencies for Program Year (A)	<u>\$300,000</u>
Participating agency X's premium for Program Year (A)	<u>\$ 30,000</u>
Participating agency X's share of the surcharge	10% or <u>\$ 10,000</u>

The surcharge shall be declared by the Board and due thirty (30) days from the date the Board declared the surcharge. The Board may assess penalties or other fees if the surcharge is not paid by the due date.

Fidelity Cash Payment Sample

<u>FIXED COSTS</u>	<u>AMOUNT</u>	<u>VARIABLE COSTS</u>	<u>AMOUNT</u>
EXCESS COVERAGE ADMINISTRATIVE EXPENSES	\$12,745.00 \$10,257.00	CLAIMS ADMIN OTHER EXPENSES	\$5,000.00 \$0.00
SUBTOTAL	\$23,002.00	SUBTOTAL	\$5,000.00
EXCESS REBATE CREDIT	\$0.00		
TOTAL	\$23,002.00	TOTAL	\$5,000.00

Per Qtrly DE6 4/1/10-3/31/11 AVG # of		% OF	<u>FIXED COSTS</u>	% OF	<u>VARIABLE COSTS</u>
<u>EMPLOYEES</u>	<u>Employees</u>			<u>Employees</u>	<u>Employees</u>
CITY OF DAVIS	711	20.943%	\$4,817.21	711	20.943%
ESPARTO SCHOOL DIST	123	3.623%	\$833.36	123	3.623%
CITY OF W SACRAMENTO	534	15.729%	\$3,617.99	534	15.729%
CITY OF WINTERS	57	1.679%	\$386.19	57	1.679%
CITY OF WOODLAND	379	11.163%	\$2,567.82	379	11.163%
COUNTY OF YOLO	1,394	41.060%	\$9,444.71	1,394	41.060%
YECA	43	1.267%	\$291.34	43	1.267%
YOLO-SOLANO AQMD	25	0.736%	\$169.38	25	0.736%
IHSS	4	0.118%	\$27.10	4	0.118%
YOLO COURTS	117	3.446%	\$792.71	117	3.446%
CLARKSBURG FPD	2	0.059%	\$13.55	2	0.059%
DUNNIGAN FPD	3	0.088%	\$20.33	3	0.088%
MADISON SERVICE	3	0.088%	\$20.33	3	0.088%
TOTAL	3,395	100.00%	\$23,002.00	\$3,395.00	100.00%

	<u>FIXED COSTS COMPONENT</u>	<u>VAR COSTS COMPONENT</u>	<u>TOTAL PREMIUM</u>
CITY OF DAVIS	\$4,817.21	\$1,047.13	\$5,864.34
ESPARTO SCHOOL DIST	\$833.36	\$181.15	\$1,014.51
CITY OF W SACRAMENTO	\$3,617.99	\$786.45	\$4,404.44
CITY OF WINTERS	\$386.19	\$83.95	\$470.14
CITY OF WOODLAND	\$2,567.82	\$558.17	\$3,126.00
COUNTY OF YOLO	\$9,444.71	\$2,053.02	\$11,497.73
YECA	\$291.34	\$63.33	\$354.66
YOLO-SOLANO AQMD	\$169.38	\$36.82	\$206.20
IHSS	\$27.10	\$5.89	\$32.99
YOLO COURTS	\$792.71	\$172.31	\$965.02
CLARKSBURG FPD	\$13.55	\$2.95	\$16.50
DUNNIGAN FPD	\$20.33	\$4.42	\$24.74
MADISON SERVICE	\$20.33	\$4.42	\$24.74
TOTAL	\$23,002.00	\$5,000.00	\$28,002.00

<u>ENTITY</u>	<u>PREMIUM</u>
CITY OF DAVIS	\$5,864.34
ESPARTO SCHOOL DIST	\$1,014.51
CITY OF W SACRAMENTO	\$4,404.44
CITY OF WINTERS	\$470.14
CITY OF WOODLAND	\$3,126.00
COUNTY OF YOLO	\$11,497.73
YECA	\$354.66
YOLO-SOLANO AQMD	\$206.20
IHSS	\$32.99
YOLO COURTS	\$965.02
CLARKSBURG FPD	\$16.50
DUNNIGAN FPD	\$24.74
MADISON SERVICE	\$24.74
TOTAL	\$28,002.00

ADDENDUM VIII

ANNUAL CHARGES FOR SPECIAL COVERAGE PROGRAMS

YCPARMIA may procure for its Participating agencies special coverages from time to time. These coverages will be at the expense of the requesting Participating agency(ies) and will be funded on a pass-through basis unless otherwise agreed. These special coverages will not be provided at the expense of the agency(ies) not participating in the special coverage program unless prior board approval has been given.

ADDENDUM IX

PENALTIES FOR CASH PAYMENT OR SURCHARGE IN ARREARS

The declared cash payment and/or surcharge will be due and payable thirty (30) days after the date of the invoice. The board may assess interest and/or penalties for cash payments and/or surcharges in arrears thirty one (31) days after the invoice date. The assessed rate of interest will be the investment rate earned by YCPARMIA on its funds, during the period of arrears, plus 2%.

ADDENDUM X

QUALIFICATIONS OF THE TREASURER

As provided in the Government Code, Section 6505.5, YCPARMIA's treasurer may be the treasurer of any of the Participating agencies or a certified public accountant. In order to be flexible and meet the needs of the Authority, the qualifications of the treasurer shall be any combination of experience and education which meets the board's approval.

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