

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



**ITEM: 3.20  
(ID # 25779)**

**MEETING DATE:**  
Tuesday, September 17, 2024

**FROM :** HUMAN RESOURCES

**SUBJECT:** HUMAN RESOURCES: Approve funding for payment for General Liability II Assessment from PRISM, All Districts. [Total Cost \$4,172,114; 100% ISF Liability Funded (4/5 Vote Required)]

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Approve the use of Liability Insurance Funding in the amount of \$4,172,114 to pay the General Liability II (GL2) assessment from PRISM, and,
2. Approve and Direct the Auditor Controller to make budget adjustments on the Attached Schedule A.

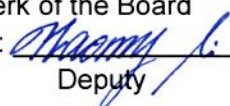
**ACTION:4/5 Vote Required**

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**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Perez, seconded by Supervisor Jeffries and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Washington, Perez and Gutierrez  
Nays: None  
Absent: Spiegel  
Date: September 17, 2024  
xc: H.R.

Kimberly A. Rector  
Clerk of the Board  
By:   
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,  
STATE OF CALIFORNIA**

| <b>FINANCIAL DATA</b>                                | <b>Current Fiscal Year:</b> | <b>Next Fiscal Year:</b> | <b>Total Cost:</b>        | <b>Ongoing Cost</b> |
|--|-----------------------------|--------------------------|---------------------------|---------------------|
| <b>COST</b>  | \$ 4,172,114                | \$ 0                     | \$ 4,172,114              | \$ 0                |
| <b>NET COUNTY COST</b>                               | \$ 0                        | \$ 0                     | \$ 0                      | \$ 0                |
| <b>SOURCE OF FUNDS: ISF Liability Insurance Fund</b> |                             |                          | <b>Budget Adjustment:</b> | Yes                 |
|  |                             |                          | <b>For Fiscal Year:</b>   | 24/25               |

**C.E.O. RECOMMENDATION:** Approve

**BACKGROUND:**

**Summary**

The County is a member of Public Risk Innovation, Solutions and Management (“PRISM”), a California Joint Powers Authority. Formerly known as CSAC Excess Insurance Authority, PRISM is responsible for developing effective risk management solutions to help public entities proactively control losses and prepare for property, casualty and employee benefit exposures. PRISM also utilizes the services of Alliant Insurance Services, Inc. to provide PRISM members with access to risk insurance coverage. The County is a member of many programs in PRISM including the General Liability (“GL2”) program that provides coverage for liability claims.

Annually, PRISM and Alliant work together to identify insurance carriers throughout the world that can provide sufficient risk coverage to PRISM members. Between 2010/2011 and 2015/2016, AmTrust Insurance Company provided reinsurance to PRISM up to \$10,000,000. During this time, the County was one of twelve member counties in the GL2 program. The GL2 program authorized PRISM to enter into the reinsurance agreement with AmTrust.

In approximately 2021/2022, AmTrust began to challenge claims for payment submitted by the GL2 program and refused to make payments. AmTrust’s refusal to pay claims resulted in PRISM pursuing litigation against AmTrust. The contractual terms of the agreement between PRISM and AmTrust required arbitration during these years. As such, arbitration commenced between AmTrust and PRISM, along with other litigation in the court system, to obtain payment of claims. After extensive litigation, it became clear that continued litigation would be costly and AmTrust would continue to refuse to pay unless forced to do so by a Court.

In April 2024, PRISM and AmTrust negotiated and finalized a settlement of a lump sum amount of money that would be paid to all of the various PRISM programs that were impacted by the AmTrust litigation, including the GL2 program. The settlement, however, resulted in a shortfall to some of the programs that did not have adequate reserves. As such, the GL2 program committee, at the recommendation of PRISM and in compliance with the Memorandum of Coverage between PRISM and the member Counties, declared an assessment to ensure that sufficient reserves existed to pay claims from 2010/2011 to 2015/2016.

The assessment amount was determined by each member’s premium portion during the years in question. As such, PRISM issued an assessment to the County for \$4,172,114. Risk Management recommends payment of the assessment in full to avoid penalties and interest.

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**Impact on Residents and Businesses**

None.

**Additional Fiscal Information**

None.

**Contract History and Price Reasonableness**

NA

**ATTACHMENTS (if any, in this order):**

**ATTACHMENT A: SCHEDULE A - BUDGET ADJUSTMENT**

**ATTACHMENT B: GENERAL LIABILITY 2 PROGRAM ASSESSMENT**

**ATTACHMENT C: JOINT POWERS AGREEMENT w PRISM**

**ATTACHMENT D: MEMORANDUM OF UNDERSTANDING GENERAL LIABILITY PROGRAM 2**

*Brett Austin*

Brett Austin, Supervising Accountant

9/11/2024

*Cesar Bernal*

Cesar Bernal, PRINCIPAL MGMT ANALYST

9/11/2024

SCHEDULE A.

GENERAL LIABILITY 2 PROGRAM ASSESSMENT

BUDGET ADJUSTMENT

FY 2024-2025

Schedule A

**Estimated Increase Appropriations:**

|                         |                     |             |
|-------------------------|---------------------|-------------|
| 45960-1131000000-520930 | Insurance-Liability | \$4,172,114 |
|-------------------------|---------------------|-------------|

|  |  |             |
|--|--|-------------|
| Total Increase in Estimated Appropriations |  | \$4,172,114 |
|--|--|-------------|

**Anticipated use of Unrestricted Net Assets:**

|                         |                                |             |
|-------------------------|--------------------------------|-------------|
| 45960-1131000000-380100 | Use of Unrestricted Net Assets | \$4,172,114 |
|-------------------------|--------------------------------|-------------|

|                                      |  |             |
|--------------------------------------|--|-------------|
| Total Increase in Estimated Revenues |  | \$4,172,114 |
|--------------------------------------|--|-------------|



June 10, 2024

TO: Lari Camarra, Risk Management Division Manager  
Ronak Patel, Assistant HR Director  
Riverside County

FROM: Gina Dean, CEO

SUBJECT: GL2 Program Assessment

A letter was recently sent to you regarding PRISM's settlement agreement with AmTrust. As you know, the AmTrust settlement affected the GL2 Program, and the GL2 Committee took action at their meeting on Wednesday, May 29, 2024, to declare a \$25,000,000 assessment to the GL2 member agencies to fund the assumed liabilities. Assessments are not taken lightly, and it was after a thorough investigation of alternatives, and deliberation by the GL2 Committee members regarding what is best for the Program as a whole, that they made this decision. The County of Riverside's allocated proportion of the assessment is \$4,172,114. To ease any immediate financial hardship potentially created by this assessment, the Committee decided to give members several payment options, including making payments over time. Following are more details regarding the assessment and payment options:

### AmTrust

AmTrust provided reinsurance on the PRISM SIR up to the \$10,000,000 layer of the GL2 Program for the 2010/11 through 2015/16 years. Please refer to the letter regarding the AmTrust settlement for more details on the settlement, and note that we are not referring to the County's SIR of \$1,000,000, which is paid before the GL2 Program attaches. The amount paid by PRISM under the GL2 Program is also referred to as a "SIR," since it represents the amount paid by PRISM before insurance funding attaches.

### Assessment Amount

As of December 31, 2023, PRISM's projected estimates of the outstanding payables (claims paid by GL2, but not reimbursed by AmTrust) and future liability at the discounted expected confidence level was \$52,252,135. The GL2 Program will receive \$27,553,491 from the commutation settlement, leaving an expected shortfall of \$24,698,644. The GL2 Committee declared a \$25,000,000 assessment, which is essentially the expected ultimate claim costs.

It is important to note that there is a risk that the claims in the 2010/11 to 2015/16 years could develop worse than expected, and subsequent assessments may be necessary.



The GL2 Committee will continue to monitor the claims development, so members can be notified if it appears that further assessments may be warranted.

### Assessment Allocation

Twelve members of the GL2 Program participated during the AmTrust coverage periods. The GL2 Committee approved an allocation of the assessment amongst those 12 members, based on each member’s proportion of premium during the Am Trust years. Following is a table showing each member’s proportion of premium and the allocation of the assessment:

|                           | <b>AmTrust Years Total</b> |             | <b>Assessment</b>    |
|---------------------------|----------------------------|-------------|----------------------|
|                           | <b>118,853,677</b>         |             | <b>Based on</b>      |
| <b>Member Name</b>        | <b>Premium</b>             | <b>%</b>    | <b>AmTrust Years</b> |
| <b>Alameda County</b>     | 14,971,693                 | 12.60%      | 3,149,186            |
| <b>City of Oakland</b>    | 12,114,123                 | 10.19%      | 2,548,117            |
| <b>City of San Diego</b>  | 27,306,789                 | 22.98%      | 5,743,783            |
| <b>Contra Costa Co.</b>   | 11,087,666                 | 9.33%       | 2,332,209            |
| <b>El Dorado County</b>   | 1,604,428                  | 1.35%       | 337,480              |
| <b>ERMAC</b>              | 3,375,343                  | 2.84%       | 709,979              |
| <b>Riverside County</b>   | 19,834,844                 | 16.69%      | 4,172,114            |
| <b>San Joaquin County</b> | 6,547,004                  | 5.51%       | 1,377,114            |
| <b>Santa Clara County</b> | 12,332,036                 | 10.38%      | 2,593,953            |
| <b>Santa Cruz County</b>  | 2,402,698                  | 2.02%       | 505,390              |
| <b>Tulare County</b>      | 5,640,606                  | 4.75%       | 1,186,460            |
| <b>Sacramento County</b>  | 1,636,445                  | 1.38%       | 344,214              |
|                           | <b>118,853,677</b>         | <b>100%</b> | <b>25,000,000</b>    |

### Timing and Invoicing

Settlement discussions accelerated in the fall of 2023. The settlement agreement with AmTrust was negotiated and finalized in April 2024, and the GL2 Committee’s determination regarding the assessment was made at the end of May 2024. We recognize the timing of those events results in information coming to you very late in your budget development process, and possibly after your department budgets have been finalized. Our goal is to keep members informed and avoid surprises. Unfortunately, the timing of the settlement did not allow us that opportunity. We understand the inconvenience and predicament the short notice may cause, and hope that the GL2 Committee’s decisions to provide options and flexibility will ease your burden. The assessment will be invoiced in late June with a due date of September 30<sup>th</sup> and that is when we will need to know how the County wishes to make its payments. Separately, the annual PRISM premium invoices will still be due within 30 days of the invoice.

### Financing Options

Some members may not be able to pay the entire assessment at once, so the GL2 Committee authorized giving options for members to pay over time, up to 7 years. The

\$25,000,000 assessment amount has been discounted, meaning the expected claims cost is actually more. We know the claims won't be paid for some time, so we can invest the collected funds and earn sufficient interest to cover the entire claims cost. However, if we don't have the funds on hand to invest and earn interest, we could fall short of the total needed funding, so those that choose to pay over time will need to pay a finance charge. The finance charge is set annually by the PRISM Board of Directors, based on anticipated investment earnings for the coming year. The finance rate for 2024/25 is 4.75%, and will change in future years.

Following is a table outlining some of your County's financing options:

| Option # | Option                            | Due Date                                 | Amount Due  |
|----------|-----------------------------------|--|-------------|
| 1        | Pay In Full                       | 9/30/24                                  | \$4,172,114 |
| 2        | Annual Installments over 2 Years  | 7/31 of 24 & 25                          | \$2,235,838 |
| 3        | Annual Installments over 3 Years  | 7/31 of 24, 25 & 26                      | \$1,524,865 |
| 4        | Annual Installments over 4 Years  | 7/31 of 24, 25, 26 & 27                  | \$1,169,760 |
| 5        | Annual Installments over 5 Years  | 7/31 of 24, 25, 26, 27 & 28              | \$957,003   |
| 6        | Annual Installments over 6 Years  | 7/31 of 24, 25, 26, 27, 28 & 29          | \$815,419   |
| 7        | Annual Installments over 7 Years  | 7/31 of 24, 25, 26, 27, 29, 29 & 30      | \$714,505   |
| 8        | Defer 1 <sup>st</sup> Installment | 7/31/25 plus future years, up to 6 years | TBD         |

If your County is interested in deferring the first payment until July 2025 and making installment payments, please let us know the duration and we will provide a payment schedule.

Please note that if the County chooses installment payments now, but later desires to pay the balance, PRISM can recalculate the pay-off balance.

Lastly, the financing option is considered a privilege of membership, so any member withdrawing, or otherwise separated from the Program, will be required to pay any remaining balance in full within 30 days of separation.

We appreciate the County's continued participation in the GL2 Program and we look forward to working with the County for years to come. If you have any questions about the settlement with AmTrust, the GL2 assessment, or the payment terms, please let me know.



Adopted: October 5, 1979  
Amended: May 12, 1980  
Amended: January 23, 1987  
Amended: October 7, 1988  
Amended: March 1993  
Amended: November 18, 1996  
Amended: October 4, 2005  
Amended: February 28, 2006  
Amended: June 30, 2020

## **JOINT POWERS AGREEMENT PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**

This Agreement is executed in the State of California by and among those counties and public entities organized and existing under the Constitution of the State of California, which are parties signatory to this Agreement. Public Risk Innovation, Solutions, and Management (referred to herein as PRISM), formerly known as CSAC Excess Insurance Authority, was formed under the sponsorship of CSAC. California counties, hereinafter called member counties, and public entities, hereinafter called member public entities, (collectively "members") shall be listed in Appendix A, which shall be attached hereto and made a part hereof.

### **RECITALS**

**WHEREAS**, Article 1, Chapter 5, Division 7, Title 1 of the California Government Code (Section 6500 et seq.) permits two or more public agencies by agreement to exercise jointly powers common to the contracting parties; and

**WHEREAS**, Article 16, Section 6 of the California Constitution provides that insurance pooling arrangements under joint exercise of power agreements shall not be considered the giving or lending of credit as prohibited therein; and

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

**WHEREAS**, pursuant to California Government Code Section 990.6, the cost of insurance provided by a local public entity is a proper charge against the local public entity; and

**WHEREAS**, California Government Code Section 990.8 provides that two or more local entities may, by a joint powers agreement, provide insurance for any purpose by any one or more of the methods specified in Government Code Section 990.4 and such pooling of self-insured claims or losses is not considered insurance nor subject to regulation under the Insurance Code; and

**WHEREAS**, the counties and public entities executing this Agreement desire to join together for the purpose of jointly funding and/or establishing excess and other insurance programs as determined;

**NOW THEREFORE**, the parties agree as follows:

### **ARTICLE 1 DEFINITIONS**

**"CSAC"** shall mean the County Supervisors Association of California, dba California State Association of Counties.

**"Board of Directors"** or **"Board"** shall mean the governing body of PRISM.

**"Claim"** shall mean a claim made against a member arising out of an occurrence, which is covered by an excess or primary insurance program of PRISM in which the member is a participant.



**"Executive Committee"** shall mean the Executive Committee of the Board of Directors of PRISM.

**"Fiscal year"** shall mean that period of twelve months which is established by the Board of Directors as the fiscal year of PRISM.

**"Government Code"** shall mean the California Government Code.

**"Insurance program"** or **"program"** shall mean a program which has been designated as a major program of PRISM under which participating members are protected against designated losses, either through joint purchase of primary or excess insurance, pooling of self-insured claims or losses, purchased insurance or any other combination as determined by the Board of Directors. The Board of Directors, the Executive Committee, or a program's governing committee may determine applicable criteria for determining eligibility in any insurance program, as well as establishing program policies and procedures.

**"Joint powers law"** shall mean Article 1, Chapter 5, Division 7, Title 1 (commencing with Section 6500) of the Government Code.

**"Loss"** shall mean a liability or potential liability of a member, including litigation expenses, attorneys' fees and other costs, which is covered by an insurance program of PRISM in which the member is a participant.

**"Member county"** shall mean any county in the State of California which has executed this Agreement and become a member of PRISM. "Member County" shall also include those entities or other bodies set forth in Article 3 (c).

**"Member Public Entity"** shall mean any California public entity, which is not a California county, which has executed this Agreement, and become a member of PRISM, "Member Public Entity" shall also include those entities or other bodies set forth in Article 3(c).

**"Miscellaneous Program"** is an insurance program of PRISM that does not involve pooling of self-insured claims or losses and may be made available to members as well as non-member public entities that are not a party to this Agreement.

**"Occurrence"** shall mean an event which is more fully defined in the memorandums of coverage and/or policies of an insurance program in which the participating county or participating public entity is a member.

**"Participating county"** shall mean any member county which has entered into a program offered by PRISM pursuant to Article 14 of this Agreement and has not withdrawn or been canceled therefrom pursuant to Articles 20 or 21.

**"Participating public entity"** shall mean any member public entity which has entered into a program offered by PRISM pursuant to Article 14 of this Agreement and has not withdrawn or been canceled therefrom pursuant to Articles 20 or 21.

**"Self-insured retention"** shall mean that portion of a loss resulting from an occurrence experienced by a member, which is retained as a liability or potential liability of the member and is not subject to payment by PRISM.

**"Reinsurance"** shall mean insurance purchased by PRISM as part of an insurance program to cover that portion of any loss, which exceeds the joint funding capacity of that program.

## **ARTICLE 2 PURPOSES**

This Agreement is entered into by the member counties and member public entities in order to jointly develop and fund insurance programs as determined. Such programs may include, but are not limited to, the creation of joint insurance funds, including primary and excess insurance funds, the pooling of self-insured claims and losses, purchased insurance, including reinsurance, and the provision of necessary administrative services. Such administrative services may include, but shall not be limited to, risk management consulting, loss prevention and control, centralized loss reporting, actuarial consulting, claims adjusting, and legal defense services.

## **ARTICLE 3 PARTIES TO AGREEMENT**

- (a) There shall be two classes of membership of the parties pursuant to this Agreement consisting of one class designated as Member Counties and another class designated as Member Public Entities.
- (b) Each member county and member public entity, as a party to this Agreement, certifies that it intends to and does contract with all other members as parties to this Agreement and, with such other members as may later be added as parties to this Agreement pursuant to Article 19 as to all programs of which it is a participating member. Each member also certifies that the removal of any party from this Agreement, pursuant to Articles 20 or 21, shall not affect this Agreement or the member's obligations hereunder.
- (c) A member for purposes of providing insurance coverage under any program of PRISM, may contract on behalf of, and shall be deemed to include:

Any public entity as defined in Government Code § 811.2 which the member requests to be added and from the time that such request is approved by the Executive Committee of PRISM.

Any nonprofit entity, including a nonprofit public benefit corporation formed pursuant to Corporations Code §§ 5111, 5120 and, 5065, which the member requests to be added and from the time that such request is approved by the Executive Committee.

- (d) Any public entity or nonprofit so added shall be subject to and included under the member's SIR or deductible, and when so added, may be subject to such other terms and conditions as determined by the Executive Committee.
- (e) Such public entity or nonprofit shall not be considered a separate party to this Agreement. Any public entity or nonprofit so added, shall not affect the member's representation on the Board of Directors and shall be considered part of and represented by the member for all purposes under this Agreement.
- (f) The Executive Committee shall establish guidelines for approval of any public entity or nonprofit so added in accordance with Article 3(c) and (d).
- (g) Should any conflict arise between the provisions of this Article and any applicable Memorandum of Coverage or other document evidencing coverage, such Memorandum of Coverage or other document evidencing coverage shall prevail.

## **ARTICLE 4 TERM**

This Agreement shall continue in effect until terminated as provided herein.

**ARTICLE 5  
CREATION OF PRISM**

Pursuant to the joint powers law, there is hereby created a public entity separate and apart from the parties hereto, to be known as Public Risk Innovation, Solutions, and Management ("PRISM"), with such powers as are hereinafter set forth.

**ARTICLE 6  
POWERS OF PRISM**

PRISM shall have all of the powers common to General Law counties in California, such as Alpine County and all additional powers set forth in the joint powers law, and is hereby authorized to do all acts necessary for the exercise of said powers. Such powers include, but are not limited to, the following:

- (a) To make and enter into contracts.
- (b) To incur debts, liabilities, and obligations.
- (c) To acquire, hold, or dispose of property, contributions and donations of property, funds, services, and other forms of assistance from persons, firms, corporations, and government entities.
- (d) To sue and be sued in its own name, and to settle any claim against it.
- (e) To receive and use contributions and advances from members as provided in Government Code Section 6504, including contributions or advances of personnel, equipment, or property.
- (f) To invest any money in its treasury that is not required for its immediate necessities, pursuant to Government Code Section 6509.5.
- (g) To allow non-member public entities and non-member counties to participate in Miscellaneous Programs and for risk management services to be provided to non-member counties and non-member public entities including out-of-state participants in a PRISM program.
- (h) To carry out all provisions of this Agreement.

Said powers shall be exercised pursuant to the terms hereof and in the manner provided by law.

**ARTICLE 7  
BOARD OF DIRECTORS**

PRISM shall be governed by the Board of Directors, which shall be composed as follows:

- (a) One director from each member county, appointed by the member county board of supervisors and serving at the pleasure of that body. Each member county board of supervisors shall also appoint an alternate director who shall have the authority to attend, participate in and vote at any meeting of the Board of Directors when the director is absent. A director or alternate director shall be a county supervisor, other county official, or staff person of the member county, and upon termination of office or employment with the county, shall automatically terminate membership or alternate membership on the Board of Directors.
- (b) Ten directors consisting of seven directors and three alternate directors chosen in the manner specified in the Bylaws from those participating as public entity members. A director or alternate public entity director shall be an official, or staff person of the public

entity member, and upon termination of office or employment with the public entity, shall automatically terminate membership or alternate membership on the Board of Directors.

- (c) Member county directors shall consist of a minimum of 80% of the eligible voting members on the Board of Directors. The public entity member directors shall be reduced accordingly to ensure at least 80% of the Board of Directors consists of county director members (By way of example, if the number of county members is reduced from the current 54 by member withdrawals to a level of 28, then county members would be at the 80% level, 28/35. If the county members go to 27, then the public entity members would lose one seat and would only have 6 votes).

Any vacancy in a county director or alternate director position shall be filled by the appointing county's board of supervisors, subject to the Provisions of this Article. Any vacancy in a public entity director position shall be filled by vote of the public entity members.

A majority of the membership of the Board of Directors shall constitute a quorum for the transaction of business. Each member of the Board of Directors shall have one vote. Except as otherwise provided in this Agreement or any other duly executed agreement of the members, all actions of the Board of Directors shall require the affirmative vote of a majority of the members; provided, that any action which is restricted in effect to one of PRISM's insurance programs, shall require the affirmative vote of a majority of those Board of Directors members who represent counties and public entities participating in that program. For purposes of an insurance program vote, to the extent there are public entity members participating in a program, the public entity Board of Directors members as a whole shall have a minimum of one vote. The public entity Board of Directors members may in no event cast more votes than would constitute 20% of the number of total county members in that program (subject to the one vote minimum). Should the number of public entity Board of Directors votes authorized herein be less than the number of public entity Board of Directors members at a duly noticed meeting, the public entity Board of Directors members shall decide among themselves, which Board of Directors member shall vote. Should they be unable to decide, the President of PRISM shall determine which director(s) shall vote.

## **ARTICLE 8 POWERS OF THE BOARD OF DIRECTORS**

The Board of Directors shall have the following powers and functions:

- (a) The Board of Directors shall exercise all powers and conduct all business of PRISM, either directly or by delegation to other bodies or persons unless otherwise prohibited by this Agreement, or any other duly executed agreement of the members or by law.
- (b) The Board of Directors may adopt such resolutions as deemed necessary in the exercise of those powers and duties set forth herein.
- (c) The Board of Directors shall form an Executive Committee, as provided in Article 11. The Board of Directors may delegate to the Executive Committee and the Executive Committee may discharge any powers or duties of the Board of Directors except adoption of PRISM's annual budget. The powers and duties so delegated shall be specified in resolutions adopted by the Board.
- (d) The Board of Directors may form, as provided in Article 12, such other committees as it deems appropriate to conduct the business of PRISM. The membership of any such other committee may consist in whole or in part of persons who are not members of the Board of Directors.

- (e) The Board of Directors shall elect the officers of PRISM and shall appoint or employ necessary staff in accordance with Article 13.
- (f) The Board of Directors shall cause to be prepared, and shall review, modify as necessary, and adopt the annual operating budget of PRISM. Adoption of the budget may not be delegated.
- (g) The Board of Directors shall develop, or cause to be developed, and shall review, modify as necessary, and adopt each insurance program of PRISM, including all provisions for reinsurance and administrative services necessary to carry out such program.
- (h) The Board of Directors, directly or through the Executive Committee, shall provide for necessary services to PRISM and to members, by contract or otherwise, which may include, but shall not be limited to, risk management consulting, loss prevention and control, centralized loss reporting, actuarial consulting, claims adjusting, and legal services.
- (i) The Board of Directors shall provide general supervision and policy direction to the Chief Executive Officer.
- (j) The Board of Directors shall receive and act upon reports of the committees and the Chief Executive Officer.
- (k) The Board of Directors shall act upon each claim involving liability of PRISM, directly or by delegation of authority to the Executive Committee or other committee, body or person, provided, that the Board of Directors shall establish monetary limits upon any delegation of claims settlement authority, beyond which a proposed settlement must be referred to the Board of Directors for approval.
- (l) The Board of Directors may require that PRISM review, audit, report upon, and make recommendations with regard to the safety or claims administration functions of any member, insofar as those functions affect the liability or potential liability of PRISM. The Board of Directors may forward any or all such recommendations to the member with a request for compliance and a statement of potential consequences for noncompliance.
- (m) The Board of Directors shall receive, review and act upon periodic reports and audits of the funds of PRISM, as required under Articles 15 and 16 of this Agreement.
- (n) The Board of Directors may, upon consultation with a casualty actuary, declare that any funds established for any program has a surplus of funds and determine a formula to return such surplus to the participating counties and participating public entities, which have contributed, to such fund.
- (o) The Board of Directors shall have such other powers and duties as are reasonably necessary to carry out the purposes of PRISM.

**ARTICLE 9  
MEETINGS OF THE BOARD OF DIRECTORS**

- (a) The Board of Directors shall hold at least one regular meeting each year and shall provide for such other regular meetings and for such special meetings as it deems necessary.
- (b) The Chief Executive Officer of PRISM shall provide for the keeping of minutes of regular and special meetings of the Board of Directors, and shall provide a copy of the minutes to each member of the Board of Directors at the next scheduled meeting.
- (c) All meetings of the Board of Directors, the Executive Committee and such committees as established by the Board of Directors pursuant to Article 12 herein, shall be called,



noticed, held and conducted in accordance with the provisions of Government Code Section 54950 et seq.

#### **ARTICLE 10 OFFICERS**

The Board of Directors shall elect from its membership a President and Vice President of the Board, to serve for one-year terms.

The President, or in his or her absence, the Vice President, shall preside at and conduct all meetings of the Board of Directors and shall chair the Executive Committee.

#### **ARTICLE 11 EXECUTIVE COMMITTEE**

The Board of Directors shall establish an Executive Committee of the Board of Directors, which shall consist of eleven members: the President and Vice President of the Board of Directors, and nine members elected by the Board of Directors from its membership.

The terms of office of the nine non-officer members shall be as provided in the Bylaws of PRISM.

The Executive Committee shall conduct the business of PRISM between meetings of the Board of Directors, exercising all those powers as provided for in Article 8, or as otherwise delegated to it by the Board.

#### **ARTICLE 12 COMMITTEES**

The Board of Directors may establish committees, as it deems appropriate to conduct the business of PRISM. Members of the committees shall be appointed by the Board of Directors, to serve two year terms, subject to reappointment by the Board of Directors. The members of each committee shall annually select one of their members to chair the Committee.

Each committee shall be composed of at least five members and shall have those duties as determined by the Board of Directors, or as otherwise set forth in the Bylaws.

Each committee shall meet on the call of its chair, and shall report to the Executive Committee and the Board of Directors as directed by the Board of Directors.

#### **ARTICLE 13 STAFF**

- (a) **Principal Staff.** The **Chief Executive Officer** shall be appointed by and serve at the pleasure of the Board of Directors. The Chief Executive Officer shall serve as the Board Secretary and administer the business and activities of PRISM, subject to the general supervision and policy direction of the Board of Directors and Executive Committee; shall be responsible for all minutes, notices and records of PRISM and shall perform such other duties as are assigned by the Board and Executive Committee.
- (b) **Treasurer and Auditor.** Pursuant to Government Code Section 6505.6, the Chief Financial Officer shall serve as the Treasurer/Auditor. The duties of the Treasurer are set forth in Article 16 of this Agreement. The Chief Financial Officer shall draw warrants to pay demands against PRISM. The Chief Financial Officer shall comply with the provisions of Government Code Section 6505.5 (a-d) and shall be appointed by and serve at the pleasure of the Chief Executive Officer.
- (c) **Other Staff.** The Board of Directors, Executive Committee or Chief Executive Officer shall provide for the appointment of such other staff as may be necessary for the administration of PRISM.

**ARTICLE 14  
DEVELOPMENT, FUNDING AND IMPLEMENTATION  
OF INSURANCE PROGRAMS**

- (a) **Program Coverage.** Insurance programs of PRISM may provide coverage, including excess insurance coverage for:
- (1) Workers' compensation;
  - (2) Comprehensive liability, including but not limited to general, personal injury, contractual, public officials errors and omissions, and incidental malpractice liability;
  - (3) Comprehensive automobile liability;
  - (4) Hospital malpractice liability;
  - (5) Property and related programs;

and may provide any other coverages authorized by the Board of Directors. The Board of Directors shall determine, for each such program, a minimum number of participants required for program implementation and may develop specific program coverages requiring detailed agreements for implementation of the above programs.

- (b) **Program and PRISM Funding.** The members developing or participating in an insurance program shall fund all costs of that program, including administrative costs, as hereinafter provided. Costs of staffing and supporting PRISM, hereinafter called PRISM general expenses, shall be equitably allocated among the various programs by the Board of Directors, and shall be funded by the members developing or participating in such programs in accordance with such allocations, as hereinafter provided. In addition, the Board of Directors may, in its discretion, allocate a share of such PRISM general expense to those members, which are not developing or participating in any program, and require those counties and public entities to fund such share through a prescribed charge.
- (1) **Annual Premium.** Except as provided in (2) below, all post-development costs of an insurance program shall be funded by annual premiums charged to the members participating in the program each policy year, and by interest earnings on the funds so accumulated. Such premiums shall be determined by the Board of Directors or the program's governing committee upon the basis of a cost allocation plan and rating formula developed by PRISM with the assistance of a casualty actuary, risk management consultant, or other qualified person. The premium for each participating member shall include that participant's share of expected program losses including a margin for contingencies as determined by the Board of Directors, program reinsurance costs, and program administrative costs for the year, plus that participant's share of PRISM general expense allocated to the program by the Board of Directors.
  - (2) **Premium Surcharge**
    - (i) If PRISM experiences an unusually large number of losses under a program during a policy year, such that notwithstanding reinsurance coverage for large individual losses, the joint insurance funds for the program may be exhausted before the next annual premiums are due, the Board of Directors or the program's governing committee may, upon consultation with a casualty actuary, impose premium surcharges on all participating members; or

- (ii) If it is determined by the Board of Directors or the program's governing committee, upon consultation with a casualty actuary, that the joint insurance funds for a program are insufficient to pay losses, fund known estimated losses, and fund estimated losses, which have been incurred but not reported, the Board of Directors or the program's governing committee may impose a surcharge on all participating members.
- (iii) Premium surcharges imposed pursuant to (i) and/or (ii) above shall be in an amount which will assure adequate funds for the program to be actuarially sound; provided that the surcharge to any participating member shall not exceed an amount equal to three (3) times the member's annual premium for that year, unless otherwise determined by the Board of Directors or the program's governing committee.

Provided, however, that no premium surcharge in excess of three times the member's annual premium for that year may be assessed unless, ninety days prior to the Board of Directors taking action to determine the amount of the surcharge, PRISM notifies the governing body of each participating member in writing of its recommendations regarding its intent to assess a premium surcharge and the amount recommended to be assessed each member. PRISM shall, concurrently with the written notification, provide each participating member with a copy of the actuarial study upon which the recommended premium surcharge is based.

- (iv) A member which is no longer a participating member at the time the premium surcharge is assessed, but which was a participating member during the policy year(s) for which the premium surcharge was assessed, shall pay such premium surcharges as it would have otherwise been assessed in accordance with the provisions of (i), (ii), and (iii) above.
- (c) **Program Implementation and Effective Date.** Upon establishment of an insurance program by the Board of Directors, PRISM shall determine the manner of program implementation and shall give written notice to all members of such program, which shall include, but not be limited to: program participation levels, coverages and terms of coverage of the program, estimates of first year premium charges, effective date of the program (or estimated effective date) and such other program provisions as deemed appropriate.
  - (d) **Late Entry Into Program.** A member which does not elect to enter an insurance program upon its implementation, pursuant to (c) above, or a county or public entity which becomes a party to this Agreement following implementation of the program, may petition the Board of Directors for late entry into the program. Such request may be granted upon a majority vote of the Board of Directors members, plus a majority vote of those board members who represent participants in the program. Alternatively, a county or public entity may petition the Executive Committee for late entry into the program, or a program committee, when authorized by an MOU governing that specific program, may approve late entry into that program. Such request may be granted upon a majority vote of the Executive Committee or program committee.
  - (e) **Reentry Into A Program.** Except as otherwise provided in a Program Memorandum of Understanding, any county or public entity that is a member of an insurance program of PRISM who withdraws or is cancelled from an insurance program under Articles 21 and 22, may not reenter such insurance program for a period of three years from the effective date of withdrawal or cancellation.

**ARTICLE 15  
ACCOUNTS AND RECORDS**

- (a) **Annual Budget.** PRISM shall annually adopt an operating budget pursuant to Article 8 of this Agreement, which shall include a separate budget for each insurance program under development or adopted and implemented by PRISM.
- (b) **Funds and Accounts.** The Auditor of PRISM shall establish and maintain such funds and accounts as may be required by good accounting practices and by the Board of Directors. Separate accounts shall be established and maintained for each insurance program under development or adopted and implemented by PRISM. Books and records of PRISM in the hands of the Auditor shall be open to inspection at all reasonable times by authorized representatives of members.
- PRISM shall adhere to the standard of strict accountability for funds set forth in Government Code Section 6505.
- (c) **Auditor's Report.** The Auditor, within one hundred and eighty (180) days after the close of each fiscal year, shall give a complete written report of all financial activities for such fiscal year to the Board and to each member.
- (d) **Annual Audit.** Pursuant to Government Code Section 6505, PRISM shall either make or contract with a certified public accountant to make an annual fiscal year audit of all accounts and records of PRISM, conforming in all respects with the requirements of that section. A report of the audit shall be filed as a public record with each of the members and also with the county auditor of the county where the home office of PRISM is located and shall be sent to any public agency or person in California that submits a written request to PRISM. The report shall be filed within six months of the end of the fiscal year or years under examination. Costs of the audit shall be considered a general expense of PRISM.

**ARTICLE 16  
RESPONSIBILITIES FOR FUNDS AND PROPERTY**

- (a) The Treasurer shall have the custody of and disburse PRISM's funds. He or she may delegate disbursing authority to such persons as may be authorized by the Board of Directors to perform that function, subject to the requirements of (b) below.
- (b) Pursuant to Government Code Section 6505.6, the Treasurer shall:
- (1) Receive and acknowledge receipt for all funds of PRISM and place them in the treasury of the Treasurer to the credit of PRISM.
  - (2) Be responsible upon his or her official bond for the safekeeping and disbursements of all PRISM funds so held by him or her.
  - (3) Pay any sums due from PRISM, as approved for payment by the Board of Directors or by any body or person to whom the Board of Directors has delegated approval authority, making such payments from PRISM funds upon warrants drawn by the Auditor.
- (c) Pursuant to Government Code Section 6505.1, the Chief Executive Officer, the Treasurer, and such other persons as the Board of Directors may designate shall have charge of, handle, and have access to the property of PRISM.
- (d) PRISM shall secure and pay for a fidelity bond or bonds, in an amount or amounts and in the form specified by the Board of Directors, covering all officers and staff of PRISM, and all officers and staff who are authorized to have charge of, handle, and have access to property of PRISM.

**ARTICLE 17  
RESPONSIBILITIES OF MEMBERS**

Members shall have the following responsibilities under this Agreement.

- (a) The board of supervisors of each member county shall appoint a representative and one alternate representative to the Board of Directors, pursuant to Article 7.
- (b) Each member shall appoint an officer or employee of the member to be responsible for the risk management function for that member and to serve as a liaison between the member and PRISM for all matters relating to risk management.
- (c) Each member shall maintain an active risk control program, and shall consider and act upon all recommendations of PRISM concerning the reduction of unsafe practices.
- (d) Each member shall maintain its own claims and loss records in each category of liability covered by an insurance program of PRISM in which the member is a participant, and shall provide copies of such records to PRISM as directed by the Board of Directors or Executive Committee, or to such other committee as directed by the Board of Directors or Executive Committee.
- (e) Each member shall pay premiums and premium surcharges due to PRISM as required under Article 14. Penalties for late payment of such premiums and/or premium surcharges shall be as determined and assessed by the Board of Directors. After withdrawal, cancellation, or termination action under Articles 20, 21, or 23, each member shall pay promptly to PRISM any additional premiums due, as determined and assessed by the Board of Directors under Articles 22 or 23. Any costs incurred by PRISM associated with the collection of such premiums or other charges, shall be recoverable by PRISM.
- (f) Each member shall provide PRISM such other information or assistance as may be necessary for PRISM to develop and implement insurance programs under this Agreement.
- (g) Each member shall cooperate with and assist PRISM, and any insurer of PRISM, in all matters relating to this Agreement, and shall comply with all Bylaws, and other rules by the Board of Directors.
- (h) Each member shall have such other responsibilities as are provided elsewhere in this Agreement, and as are established by the Board of Directors in order to carry out the purposes of this Agreement.

**ARTICLE 18  
ADMINISTRATION OF CLAIMS**

- (a) Subject to subparagraph (e), each member shall be responsible for the investigation, settlement or defense, and appeal of any claim made, suit brought, or proceeding instituted against the member arising out of a loss.
- (b) PRISM may develop standards for the administration of claims for each insurance program of PRISM so as to permit oversight of the administration of claims by the members.
- (c) Each participating member shall give PRISM timely written notice of claims in accordance with the provisions of the Bylaws and the applicable program Memorandum of Coverage.



- (d) A member shall not enter into any settlement involving liability of PRISM without the advance written consent of PRISM.
- (e) PRISM, at its own election and expense, shall have the right to participate with a member in the settlement, defense, or appeal of any claim, suit or proceeding, which, in the judgment of PRISM, may involve liability of PRISM.

#### **ARTICLE 19 NEW MEMBERS**

Any California public entity may become a party to this Agreement and participate in any insurance program in which it is not presently participating upon approval of the Board of Directors, by a majority vote of the members, or by majority vote of the Executive Committee.

#### **ARTICLE 20 WITHDRAWAL**

- (a) A member may withdraw as a party to this Agreement upon thirty (30) days advance written notice to PRISM if it has never become a participant in any insurance program pursuant to Article 14, or if it has previously withdrawn from all insurance programs in which it was a participant.
- (b) After becoming a participant in an insurance program, a member may withdraw from that program only at the end of a policy year for the program, and only if it gives PRISM at least sixty (60) days advance written notice of such action.

#### **ARTICLE 21 CANCELLATION**

- (a) Notwithstanding the provisions of Article 20, the Board of Directors may:
  - (1) Cancel any member from this Agreement and membership in PRISM, on a majority vote of the Board of Directors members. Such action shall have the effect of canceling the member's participation in all insurance programs of PRISM as of the date that all membership is canceled.
  - (2) Cancel any member's participation in an insurance program of PRISM, without canceling the member's membership in PRISM or participation in other programs, on a vote of two-thirds of the Board of Directors members present and voting who represent participants in the program.

The Board of Directors shall give sixty (60) days advance written notice of the effective date of any cancellation under the foregoing provisions. Upon such effective date, the member shall be treated the same as if it had voluntarily withdrawn from this Agreement, or from the insurance program, as the case may be.

- (b) Except as otherwise provided in a program Memorandum of Understanding, a member that does not enter one or more of the insurance programs developed and implemented by PRISM within the member's first year as a member of PRISM shall be considered to have withdrawn as a party to this Agreement at the end of such period, and its membership in PRISM shall be automatically canceled as of that time, without action of the Board of Directors.
- (c) A member which withdraws from all insurance programs of PRISM in which it was a participant and does not enter any program for a period of six (6) months thereafter shall be considered to have withdrawn as a party to the Agreement at the end of such period, and its membership in PRISM shall be automatically canceled as of that time, without action of the Board of Directors.

**ARTICLE 22**  
**EFFECT OF WITHDRAWAL OR CANCELLATION**

- (a) If a member's participation in an insurance program of PRISM is canceled under Article 21, with or without cancellation of membership in PRISM, and such cancellation is effective before the end of the policy year for that program, PRISM shall promptly determine and return to that member the amount of any unearned premium payment from the member for the policy year, such amount to be computed on a pro-rata basis from the effective date of cancellation.
- (b) Except as provided in (a) above or as otherwise provided in a program Memorandum of Understanding, a member which withdraws or is canceled from this Agreement and membership in PRISM, or from any program of PRISM, shall not be entitled to the return of any premium or other payment to PRISM, or of any property contributed to PRISM. However, in the event of termination of this Agreement, such member may share in the distribution of assets of PRISM to the extent provided in Article 23 provided; however, that any withdrawn or canceled member, which has been assessed a premium surcharge pursuant to Article 14 (b) (3) (ii) shall be entitled to return of said member's unused surcharge, plus interest accrued thereon, at such time as the Board of Directors declares that a surplus exists in any insurance fund for which a premium surcharge was assessed.
- (c) Except as provided in (d) below, a member shall pay any premium charges, which the Board of Directors determines are due from the member for losses and costs incurred during the entire coverage year in which the member was a participant in such program regardless of the date of entry into such program. Such charges may include any deficiency in a premium previously paid by the member, as determined by audit under Article 14 (b) (2); any premium surcharge assessed to the member under Article 14 (b) (3); and any additional amount of premium, which the Board of Directors determines to be due from the member upon final disposition of all claims arising from losses under the program during the entire coverage year in which the member was a participant regardless of date of entry into such program. Any such premium charges shall be payable by the member in accordance with PRISM's invoice and payment policy.
- (d) Those members that have withdrawn or been canceled pursuant to Articles 20 and 21 from any program of PRISM during a coverage year shall pay any premium charges which the Board of Directors determines are due from the members for losses and costs which were incurred during the member's participation in any program.

**ARTICLE 23**  
**TERMINATION AND DISTRIBUTION OF ASSETS**

- (a) A three-fourths vote of the total voting membership of PRISM, consisting of member counties, acting through their boards of supervisors, and the voting Board of Directors members from the member public entities, is required to terminate this Agreement; provided; however, that this Agreement and PRISM shall continue to exist after such election for the purpose of disposing of all claims, distributing all assets, and performing all other functions necessary to conclude the affairs of PRISM.
- (b) Upon termination of this Agreement, all assets of PRISM in each insurance program shall be distributed among those members which participated in that program in proportion to their cash contributions, including premiums paid and property contributed (at market value when contributed). The Board of Directors shall determine such distribution within six (6) months after disposal of the last pending claim or other liability covered by the program.
- (c) Following termination of this Agreement, any member which was a participant in an insurance program of PRISM shall pay any additional amount of premium, determined by the Board of Directors in accordance with a loss allocation formula, which may be

necessary to enable final disposition of all claims arising from losses under that program during the entire coverage year in which the member was a participant regardless of the date of entry into such program.

**ARTICLE 24**  
**LIABILITY OF BOARD OF DIRECTORS, OFFICERS, COMMITTEE MEMBERS**  
**AND LEGAL ADVISORS**

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

No Director, Officer, committee member, or legal advisor to any Board of Directors or committee shall be responsible for any action taken or omitted by any other Director, Officer, committee member, or legal advisor to any committee. No Director, Officer, committee member or legal advisor to any committee shall be required to give a bond or other security to guarantee the faithful performance of their duties pursuant to this Agreement.

The funds of PRISM shall be used to defend, indemnify and hold harmless PRISM and any Director, Officer, committee member or legal advisor to any committee for their actions taken within the scope of the authority of PRISM. Nothing herein shall limit the right of PRISM to purchase insurance to provide such coverage, as is hereinabove set forth.

**ARTICLE 25**  
**BYLAWS**

The Board of Directors may adopt Bylaws consistent with this Agreement, which shall provide for the administration and management of PRISM.

**ARTICLE 26**  
**NOTICES**

PRISM shall address notices, billings and other communications to a member as directed by the member. Each member shall provide PRISM with the address to which communications are to be sent. Members shall address notices and other communications to PRISM to the Chief Executive Officer of PRISM, at the office address of PRISM as set forth in the Bylaws.

**ARTICLE 27**  
**AMENDMENT**

A two-thirds vote of the total voting membership of PRISM, consisting of member counties, acting through their boards of supervisors, and the voting Board of Directors members from member public entities, is required to amend this Agreement. However, the Executive Committee is authorized to make non-substantive, clerical amendments to the Agreement and does not need to obtain approval from the Board of Directors to make such amendments.

**ARTICLE 28**  
**EFFECTIVE DATE OF AMENDMENTS**

Any amendment of this Agreement shall become effective upon the date specified by the Board of Directors and upon approval of any Amended Agreement as required in Article 27. Approval of any amendment by the voting boards of supervisors and public entity board members must take place no later than 30 days from the effective date specified by the Board of Directors.

**ARTICLE 29  
PROHIBITION AGAINST ASSIGNMENT**

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

**ARTICLE 30  
AGREEMENT COMPLETE**

This Agreement constitutes the full and complete Agreement of the parties.

**ARTICLE 31  
DISPUTE RESOLUTION**

When a dispute arises between PRISM and a member, the following procedures are to be followed:

- (a) Request for Reconsideration. The member will make a written request to PRISM for the appropriate Committee to reconsider their position, citing the arguments in favor of the member and any applicable case law that applies. The member can also, request a personal presentation to that Committee, if it so desires.
- (b) Committee Appeal. The committee responsible for the program or having jurisdiction over the decision in question will review the matter and reconsider PRISM's position. This committee appeal process is an opportunity for both sides to discuss and substantiate their positions based upon legal arguments and the most complete information available. If the member requesting reconsideration is represented on the committee having jurisdiction, that committee member shall be deemed to have a conflict and shall be excluded from any vote.
- (c) Executive Committee Appeal. If the member is not satisfied with the outcome of the committee appeal, the matter will be brought to the Executive Committee for reconsideration upon request of the member. If the member requesting reconsideration is represented on the Executive Committee, that Executive Committee member shall be deemed to have a conflict and shall be excluded from any vote.
- (d) Arbitration. If the member is not satisfied with the outcome of the Executive Committee appeal, the next step in the appeal process is arbitration. The arbitration, whether binding or non-binding, is to be mutually agreed upon by the parties. The matter will be submitted to a mutually agreed arbitrator or panel of arbitrators for a determination. If Binding Arbitration is selected, then the decision of the arbitrator is final. Both sides agree to abide by the decision of the arbitrator. The cost of arbitration will be shared equally by the involved member and PRISM.
- (e) Litigation. If, after following the dispute resolution procedure paragraphs a-d, either party is not satisfied with the outcome of the non-binding arbitration process, either party may consider litigation as a possible remedy to the dispute.

**ARTICLE 32  
FILING WITH SECRETARY OF STATE**

The Chief Executive Officer of PRISM shall file a notice of this Agreement with the office of California Secretary of State within 30 days of its effective date, as required by Government Code Section 6503.5 and within 70 days of its effective date as required by Government Code Section 53051.

**IN WITNESS WHEREOF**, the undersigned party hereto has executed this Agreement on the date indicated below.

DATE: \_\_\_\_\_

MEMBER: \_\_\_\_\_  
(Print Name of Member)

BY: \_\_\_\_\_  
(Authorized signature of Member)

Seal:



APPENDIX A  
JOINT POWERS AGREEMENT  
PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT  
(PRISM)

(as of July 15, 2024)

|                        |  |
|------------------------|--|
| ALAMEDA COUNTY         | TRINITY COUNTY   |
| ALPINE COUNTY          | TULARE COUNTY  |
| AMADOR COUNTY          | TUOLUMNE COUNTY  |
| BUTTE COUNTY           | VENTURA COUNTY   |
| CALAVERAS COUNTY       | YOLO COUNTY  |
| COLUSA COUNTY          | YUBA COUNTY  |
| CONTRA COSTA COUNTY    | ACCEL  |
| DEL NORTE COUNTY       | ALAMEDA HEALTH SYSTEM  |
| EL DORADO COUNTY       | AMADOR TRANSIT   |
| FRESNO COUNTY          | BAY AREA AIR QUALITY MGMT DISTRICT                                   |
| GLENN COUNTY           | BAHARMA (BAY AREA HOUSING AUTHORITY<br>RISK MANAGEMENT AUTHORITY)    |
| HUMBOLDT COUNTY        | BERKELEY UNIFIED SCHOOL DISTRICT                                     |
| IMPERIAL COUNTY        | BUTTE SCHOOLS SELF-FUNDED PROGRAMS                                   |
| INYO COUNTY            | CALIFORNIA FAIR SERVICES AUTHORITY                                   |
| KERN COUNTY            | CALIFORNIA INERGOVERNEMENTAL RISK<br>AUTHORITY (CIRA)                |
| KINGS COUNTY           | CALIFORNIA MENTAL HEALTH SERVICES<br>AUTHORITY (CalMHSA)             |
| LAKE COUNTY            | CALIFORNIA SCHOOLS RISK<br>MANAGEMENT (CSRSM)                        |
| LASSEN COUNTY          | CALIFORNIA STATE SENATE  |
| MADERA COUNTY          | CALIFORNIA STATE UNIVERSITY RISK<br>MANAGEMENT AUTHORITY<br>(CSURMA) |
| MARIN COUNTY           | CAMPBELL UNION SCHOOL DISTRICT                                       |
| MARIPOSA COUNTY        | CAPITOL AREA DEVELOPMENT<br>AUTHORITYCAPRI                           |
| MENDOCINO COUNTY       | CASITAS MUNICIPAL WATER DISTRICT                                     |
| MERCED COUNTY          | CATALINA ISLAND MEDICAL CENTER                                       |
| MODOC COUNTY           | CENCAL HEALTH  |
| MONO COUNTY            | CENTRAL CONTRA COSTA SANITARY<br>DISTRICT                            |
| MONTEREY COUNTY        | CENTRAL COUNTY FIRE DEPARTMENT                                       |
| NAPA COUNTY            | CENTRAL REGION SCHOOL INSURANCE<br>GROUP (CRSIG)                     |
| NEVADA COUNTY          | CENTRAL SIERRA CHILD SUPPORT AGENCY                                  |
| ORANGE COUNTY          | CITY OF ALAMEDA  |
| PLACER COUNTY          | CITY OF ALBANY   |
| PLUMAS COUNTY          | CITY OF AMERICAN CANYON  |
| RIVERSIDE COUNTY       | CITY OF ATWATER  |
| SACRAMENTO COUNTY      | CITY OF BAKERSFIELD  |
| SAN BENITO COUNTY      | CITY OF BALDWIN PARK   |
| SAN BERNARDINO COUNTY  | CITY OF BEAUMONT   |
| SAN DIEGO COUNTY       | CITY OF BELL   |
| SAN JOAQUIN COUNTY     | CITY OF BELMONT  |
| SAN LUIS OBISPO COUNTY | CITY OF BERKELEY   |
| SANTA BARBARA COUNTY   | CITY OF BUENA PARK   |
| SANTA CLARA COUNTY     | CITY OF BURLINGAME   |
| SANTA CRUZ COUNTY      |  |
| SHASTA COUNTY          |  |
| SIERRA COUNTY          |  |
| SISKIYOU COUNTY        |  |
| SOLANO COUNTY          |  |
| SONOMA COUNTY          |  |
| STANISLAUS COUNTY      |  |
| SUTTER COUNTY          |  |
| TEHAMA COUNTY          |  |

|                           |                                    |
|---------------------------|------------------------------------|
| CITY OF CALABASAS         | CITY OF MADERA                     |
| CITY OF CALEXICO          | CITY OF MADERA                     |
| CITY OF CAPITOLA          | CITY OF MANHATTAN BEACH            |
| CITY OF CARMEL BY THE SEA | CITY OF MAYWOOD                    |
| CITY OF CARSON            | CITY OF MENLO PARK                 |
| CITY OF CHICO             | CITY OF MERCED                     |
| CITY OF CHULA VISTA       | CITY OF MILL VALLEY                |
| CITY OF CITRUS HEIGHTS    | CITY OF MILLBRAE                   |
| CITY OF CLOVIS            | CITY OF MISSION VIEJO              |
| CITY OF COMPTON           | CITY OF MODESTO                    |
| CITY OF CONCORD           | CITY OF MONTEBELLO                 |
| CITY OF CORONA            | CITY OF MONTEREY PARK              |
| CITY OF CORONADO          | CITY OF MORENO VALLEY              |
| CITY OF COSTA MESA        | CITY OF MURRIETA                   |
| CITY OF COVINA            | CITY OF NAPA                       |
| CITY OF CUPERTINO         | CITY OF NATIONAL CITY              |
| CITY OF CYPRESS           | CITY OF NEEDLES                    |
| CITY OF DALY CITY         | CITY OF NORCO                      |
| CITY OF DEL MAR           | CITY OF NOVATO                     |
| CITY OF DIXON             | CITY OF OAKLAND                    |
| CITY OF DOWNEY            | CITY OF OAKLAND                    |
| CITY OF EL CAJON          | CITY OF OCEANSIDE                  |
| CITY OF EL CENTRO         | CITY OF OROVILLE                   |
| CITY OF EL MONTE          | CITY OF OXNARD                     |
| CITY OF ELK GROVE         | CITY OF PACIFICA                   |
| CITY OF ENCINITAS         | CITY OF PALMDALE                   |
| CITY OF ESCALON           | CITY OF PALO ALTO                  |
| CITY OF ESCONDIDO         | CITY OF PASADENA                   |
| CITY OF FAIRFIELD         | CITY OF PASO ROBLES                |
| CITY OF FONTANA           | CITY OF PERRIS                     |
| CITY OF FOSTER CITY       | CITY OF PETALUMA                   |
| CITY OF FOUNTAIN VALLEY   | CITY OF PICO RIVERA                |
| CITY OF FREMONT           | CITY OF PITTSBURG                  |
| CITY OF GALT              | CITY OF PLEASANTON                 |
| CITY OF GARDEN GROVE      | CITY OF POMONA                     |
| CITY OF GARDENA           | CITY OF PORT HUENEME               |
| CITY OF GLENDALE          | CITY OF RANCHO CORDOVA             |
| CITY OF GOLETA            | CITY OF RANCHO MIRAGE              |
| CITY OF HANFORD           | CITY OF RANCHO SANTA MARGARITA     |
| CITY OF HAWTHORNE         | CITY OF REDDING                    |
| CITY OF HAYWARD           | CITY OF REDLANDS                   |
| CITY OF HEMET             | CITY OF REDONDO BEACH              |
| CITY OF HESPERIA          | CITY OF REDWOOD CITY               |
| CITY OF HUNTINGTON BEACH  | CITY OF RIALTO                     |
| CITY OF IMPERIAL BEACH    | CITY OF RICHMOND                   |
| CITY OF IONE              | CITY OF RIDGECREST                 |
| CITY OF IRVINE            | CITY OF ROHNERT PARK               |
| CITY OF LAKE FOREST       | CITY OF ROSEVILLE                  |
| CITY OF LANCASTER         | CITY OF SACRAMENTO                 |
| CITY OF LEMON GROVE       | CITY OF SAN BERNARDINO             |
| CITY OF LINDSAY           | CITY OF SAN BRUNO                  |
| CITY OF LIVE OAK          | CITY OF SAN BUENAVENTURA (VENTURA) |
| CITY OF LIVERMORE         | CITY OF SAN CLEMENTE               |
| CITY OF LOMA LINDA        | CITY OF SAN DIEGO                  |
| CITY OF LOMPOC            | CITY OF SAN JACINTO                |
| CITY OF LOS ALAMITOS      | CITY OF SAN LEANDRO                |
| CITY OF LOS ALTOS         | CITY OF SAN MATEO                  |
|                           | CITY OF SAN RAMON                  |
|                           | CITY OF SANTA CLARA                |

CITY OF SANTA CLARA  
HOUSING AUTHORITY  
CITY OF SANTA ROSA  
CITY OF SANTEE  
CITY OF SHAFTER  
CITY OF SIMI VALLEY  
CITY OF SOLANA BEACH  
CITY OF SAUSALITO  
CITY OF SOUTH PASADENA  
CITY OF SOUTH SAN FRANCISCO  
CITY OF STANTON  
CITY OF STOCKTON  
CITY OF SUNNYVALE  
CITY OF THOUSAND OAKS  
CITY OF TORRANCE  
CITY OF TRACY  
CITY OF VACAVILLE  
CITY OF VALLEJO  
CITY OF VISALIA  
CITY OF VISTA  
CITY OF WALNUT CREEK  
CITY OF WATSONVILLE  
CITY OF WEST COVINA  
CITY OF WEST SACRAMENTO  
CITY OF WESTMINSTER  
CITY OF WHITTIER  
CITY OF YUBA CITY  
COACHELLA VALLEY ASSOCIATION OF  
GOVERNMENTS (CVAG)  
COLLEGE OF THE LAW, SAN FRANCISCO  
CONTRA COSTA COUNTY IHSS PUBLIC  
AUTHORITY  
COUNCIL OF SAN BENITO COUNTY  
GOVERNMENTS  
DEL NORTE IHSS PUBLIC AUTHORITY  
DUBLIN SAN RAMON SERVICES DISTRICT  
EAST BAY REGIONAL PARK DISTRICT  
EVERGREEN SCHOOL DISTRICT  
EXCLUSIVE RISK MANAGEMENT  
AUTHORITY OF CALIFORNIA  
(ERMAC)  
FAIRFIELD-SUISUN SEWER DISTRICT  
FIRST 5 CONTRA COSTA CHILDREN &  
FAMILIES COMMISSION  
GOLD COAST TRANSIT DISTRICT  
GOLDEN EMPIRE TRANSIT DISTRICT  
GOLDEN STATE RISK MANAGEMENT  
AUTHORITY (GSRMA)  
GREAT BASIN UNIFIED AIR POLLUTION  
CONTROL DISCTRICT  
HOUSING AUTHORITY OF THE COUNTY OF  
RIVERSIDE  
HUMBOLDT TRANSIT AUTHORITY (HTA)  
HUNTINGTON BEACH UNION HIGH SCHOOL  
DISTRICT  
IMPERIAL COUNTY IHSS PUBLIC  
AUTHORITY  
INLAND EMPIRE HEALTH PLAN  
INLAND EMPIRE UTILITIES AGENCY  
IRVINE RANCH WATER DISTRICT  
KERN COUNTY HOSPITAL AUTHORITY  
KERN IHSS PUBLIC AUTHORITY  
KINGS COUNTY AREA PUBLIC TRANSIT  
AGENCY  
KINGS WASTE & RECYCLING AUTHORITY  
LAKE ELSINORE UNIFIED SCHOOL DISTRICT  
LOCAL AGENCY WC EXCESS JPA (LAWCX)  
LOMPOC VALLEY MEDICAL CENTER  
LOS ANGELES COUNTY DEVELOPMENT  
AUTHORITY (LACDA)  
LOS ANGELES COUNTY LAW LIBRARY  
LOS ANGELES COUNTY OFFICE OF  
EDUCATION (LACOE)  
LOS ANGELES UNIFIED SCHOOL DISTRICT  
RISK MANAGEMENT AUTHORITY  
MARIN COUNTY TRANSIT DISTRICT  
MERCED IRRIGATION DISTRICT  
MID-PENINSULA REGIONAL OPEN SPACE  
DISTRICT  
MONTEREY BAY AREA SELF INSURANCE  
AUTHORITY (MBASIA)  
MONTEREY COUNTY HOUSING AUTHORITY  
MONTEREY COUNTY WATER RESOURCE  
AGENCY (MCWRA)  
MONTEREY SALINAS TRANSIT  
MONTEREY PENINSULA AIRPORT DISTRICT  
MORONGO BASIN TRANSIT AUTHORITY  
DBA BASIN TRANSIT  
MOUNTAIN COMMUNITIES HEALTHCARE  
DISTRICT  
MUNICIPAL POOLING AUTHORITY (MPA)  
NAPA SANITATION DISTRICT  
NORTHERN CALIFORNIA SPECIAL DISTRICTS  
INSURANCE AUTHORITY (NCSDIA)  
NORTHERN CA CITIES SELF INSURANCE  
FUND (NCCSIF)  
NORTHERN CALIFORNIA POWER AGENCY  
(NCPA)  
OAKLAND UNIFIED SCHOOL DISTRICT  
OC SANITATION DISTRICT  
OFFICE OF COMMUNITY AND INVESTMENT  
AND INFRASTRUCTURE (OCII)  
OMNITRANS  
ORANGE COUNTY FIRE AUTHORITY  
ORANGE COUNTY TRANSPORTATION  
AUTHORITY  
PALO VERDE VALLEY HEALTH CARE  
DISTRICT HOSPITAL  
PASADENA USD  
PUBLIC AGENCIES SELF INSURANCE  
SYSTEM (PASIS) – SAN DIEGO  
PLACER COUNTY WATER AGENCY  
PLEASANT HILL RECREATION & PARK DIST  
PORT OF OAKLAND

PRISM  
PUBLIC ENTITY RISK MANAGEMENT  
AUTHORITY (PERMA)  
PUBLIC ENTITY RISK MANAGEMENT  
AUTHORITY ADMINISTRATION  
REDONDO BEACH UNIFIED SCHOOL DIST  
REGIONAL COUNCIL OF RURAL COUNTIES  
RIVERSIDE COUNTY IHSS PUBLIC  
AUTHORITY  
RIVERSIDE TRANSIT AGENCY  
SACRAMENTO – YOLO MOSQUITO AND  
VECTOR CONTROL DISTRICT  
SACRAMENTO AREA FLOOD CONTROL  
AGENCY  
SACRAMENTO FIRST FIVE COMMISSION  
SACRAMENTO REGIONAL TRANSIT  
DISTRICT (SACRT)  
SAN BENITO COUNTY IHSS PUBLIC  
AUTHORITY  
SAN BERNARDINO IHSS PUBLIC AUTHORITY  
SAN BERNARDINO MUNICIPAL WATER  
DEPARTMENT  
SAN DIEGO COUNTY IHSS PUBLIC  
AUTHORITY  
SAN DIEGO COUNTY WATER AUTHORITY  
SAN DIEGO HOUSING COMMISSION  
SAN DIEGO METROPOLITAN TRANSIT  
SYSTEM  
SAN DIEGO UNIFIED SCHOOL DISTRICT  
SAN JOSE UNIFIED SCHOOL DISTRICT  
SAN MATEO CONSOLIDATED FIRE  
DEPARTMENT  
SAN MATEO COUNTY SCHOOLS  
INSURANCE GROUP (SMCSIG)  
SANTA BARBARA METROPOLITAN TRANSIT  
DISTRICT  
SANTA CLARA COUNTY CENTRAL FIRE  
PROTECTION DISTRICT  
SANTA CLARA COUNTY LIBRARY DISTRICT  
JPA  
SANTA CLARA COUNTY OFFICE OF  
EDUCATION (SCCOE)  
SANTA CLARA COUNTY VECTOR CONTROL  
DISTRICT  
SANTA CLARA VALLEY WATER  
DISTRICT  
SANTA CRUZ COUNTY FIRE AGENCIES  
INSURANCE GROUP  
SANTA CRUZ METRO TRANSIT DISTRICT  
SCHOOLS EXCESS LIABILITY FUND  
(SELF)  
SHASTA IHSS PUBLIC AUTHORITY  
SELF INSURED RISK MANAGEMENT  
AUTHORITY (SIRMA)

SLORTA JPA  
SOLANO TRANSPORTATION AUTHORITY  
SONOMA COUNTY EMPLOYEES'  
RETIREMENT ASSOCIATION (SCERA)  
SONOMA MARIN AREA RAIL TRANSIT  
SOUTH BAY AREA SCHOOLS INSURANCE  
AUTHORITY (SBASIA)  
SOUTH COAST AIR QUALITY MANAGEMENT  
DISTRICT  
SPECIAL DISTRICT RISK MANAGEMENT  
AUTHORITY (SDRMA)  
SUPERIOR COURT OF CALIFORNIA,  
COUNTY OF ALAMEDA  
SUPERIOR COURT OF CALIFORNIA,  
COUNTY OF ALPINE  
SUPERIOR COURT OF CALIFORNIA,  
COUNTY OF AMADOR  
SUPERIOR COURT OF CALIFORNIA,  
COUNTY OF BUTTE  
SUPERIOR COURT OF CALIFORNIA,  
COUNTY OF CALAVERAS  
SUPERIOR COURT OF CALIFORNIA,  
COUNTY OF COLUSA  
SUPERIOR COURT OF CALIFORNIA,  
COUNTY OF CONTRA COSTA  
SUPERIOR COURT OF CALIFORNIA,  
COUNTY OF DEL NOTRE  
SUPERIOR COURT OF CALIFORNIA,  
COUNTY OF EL DORADO  
SUPERIOR COURT OF CALIFORNIA,  
COUNTY OF LAKE  
SUPERIOR COURT OF CALIFORNIA,  
COUNTY OF LASSEN  
SUPERIOR COURT OF CALIFORNIA,  
COUNTY OF MERCED  
SUPERIOR COURT OF CALIFORNIA,  
COUNTY OF ORANGE  
SUPERIOR COURT OF CALIFORNIA,  
COUNTY OF PLACER  
SUPERIOR COURT OF CALIFORNIA,  
COUNTY OF SAN BENITO  
SUPERIOR COURT OF CALIFORNIA,  
COUNTY OF SAN LUIS OBISPO  
SUPERIOR COURT OF CALIFORNIA,  
COUNTY OF SANTA BARBARA  
SUPERIOR COURT OF CALIFORNIA,  
COUNTY OF SANTA CRUZ  
SUPERIOR COURT OF CALIFORNIA,  
COUNTY OF SHASTA  
SUPERIOR COURT OF CALIFORNIA,  
COUNTY OF SONOMA  
SUPERIOR COURT OF CALIFORNIA,  
COUNTY OF STANISLAUS  
SUPERIOR COURT OF CALIFORNIA,  
COUNTY OF TRINITY  
SUPERIOR COURT OF CALIFORNIA,  
COUNTY OF TUOLUMNE

SUPERIOR COURT OF CALIFORNIA, COUNTY OF YUBA  
SUTTER IHSS PUBLIC AUTHORITY  
TAHOE TRANSPORTATION DISTRICT  
TOWN OF APPLE VALLEY  
TOWN OF COLMA  
TOWN OF YOUNTVILLE  
TRANSPORTATION CORRIDOR AGENCIES  
TRI-COUNTY SCHOOLS INSURANCE  
GROUP (TCSIG)  
TRINDEL INSURANCE FUND  
TURLOCK IRRIGATION DISTRICT  
UNION SANITARY DISTRICT  
UPLAND UNIFIED SCHOOL DISTRICT  
WEST SAN GABRIEL LIABILITY AND  
PROPERTY JPA  
WEST SAN GABRIEL WC JPA  
YOLO COUNTY COURTS  
YOLO COUNTY PUBLIC AGENCY  
RISK MANAGEMENT  
INSURANCE AUTHORITY  
(YCPARMIA)





Adopted: December 11, 1990  
Effective: February 15, 1991  
Amended: March 11, 2004  
Amended: October 5, 2006  
Amended: December 8, 2011  
Amended: July 1, 2019

## **MEMORANDUM OF UNDERSTANDING GENERAL LIABILITY PROGRAM 2**

This Memorandum of Understanding is entered into by and between Public Risk Innovation, Solutions, and Management (hereinafter referred to as PRISM) and the participating members of the General Liability Program 2 (hereinafter referred to as "GL2"), consisting of counties and other public entities (hereinafter "Public Entity") who are signatories to this Memorandum.

1. **JOINT POWERS AGREEMENT.** Except as otherwise provided herein, all terms used herein shall be as defined in Article 1 of the Joint Powers Agreement Creating PRISM (hereinafter referred to as "Agreement"). Provisions of any applicable coverage agreement and all other provisions of the Agreement not in conflict with this Memorandum shall be applicable.

### **2. PROGRAM COMMITTEE.**

A. There is hereby established a GL2 Program Committee (hereinafter referred to as "GL2 Committee" or "Committee") and, except as otherwise provided herein, said Committee shall have full authority to determine all matters affecting the participating members.

B. The GL2 Committee shall consist of all GL2 member counties of PRISM, with the committee member being that person designated as the county's Board member for PRISM. In the event a county Committee member is not present at a meeting of the Committee, the County's Alternate Board member may serve as the county's alternate on the Committee. In addition to GL2 member counties, each GL2 public entity member shall be a member of the Committee, subject to the GL2 member counties maintaining a minimum of 60% of the eligible voting membership on the Committee. The GL2 public entity committee members shall be reduced accordingly to ensure at least 60% of the Committee consists of GL2 member counties. For example, based upon the 8 current GL2 member counties participating in the Program, all 3 current GL2 public entity members would have a seat on the Committee and maintain at least 60% representation by the GL2 member counties. If the number of GL2 member counties is reduced to 4, then the GL2 public entity members would lose one seat and have only 2 votes. GL2 public entity committee members shall be appointed by the Executive Committee and shall serve for a two-year term. Each GL2 public entity committee member shall designate an alternate to vote in their absence. The alternate must be an employee or elected or appointed official of the GL2 public entity committee member.

C. The GL2 Committee shall meet on the call of the Chair of the Committee as provided in Article 12 of the Agreement and Article VI of the Bylaws of PRISM (hereinafter referred to as the "Bylaws").

D. A majority of the members of the GL2 Committee shall constitute a quorum for the transaction of business. Except as otherwise provided herein, all actions of the GL2 Committee shall require the affirmative vote of a majority of the members of the Committee. Any meeting of the GL2 Committee shall be subject to the applicable provisions of Government Code § 54950 et seq., commonly known as the "Brown Act."

3. **PREMIUMS.** The participating members, in accordance with the provisions of Article 14 of the Agreement, shall be assessed an annual premium for the purpose of funding the GL2 Program. Annual premium contributions, including Program administrative costs plus PRISM's general expense allocated to the Program by the Board for the next policy period, shall be as established by the GL2 Committee upon consultation with the underwriters.

4. **MEMBER SELF-INSURED RETENTIONS.** The self-insured retention amounts of the members shall be established upon consultation with the underwriters and subject to approval by the GL2 Committee.

5. **COST ALLOCATION.** The method of allocating contributions to the GL2 Program shall be determined by the GL2 Committee upon consultation with underwriters.

6. **FUNDING FOR CLAIMS.**

A. At the GL2 Committee's discretion, based on market conditions, exposures, and/or loss history, self-insured layers or aggregated retentions may be established for the GL2 Program for any policy period or combination of policy periods. If self-insured and/or aggregated retention layers are established, such will be funded by contributions from the members participating in the self-insured and/or aggregated retention layers, as determined by the Committee. Funding for these layers shall be used exclusively for the payment of claims made against the participating members, including expenses, in accordance with the terms and conditions of the applicable Memorandum of Coverage.

B. Any self-insured and/or aggregated retention layers shall be fully funded by the participating members, and may, at the discretion of the GL2 Committee, be discounted for anticipated and/or earned investment earnings. Should such not be fully funded for any reason, pro-rata assessments may be made to the participating members pursuant to the provisions of Article 14.b.3. of the Agreement to ensure a 100% funding level.

7. **DIVIDENDS.** Notwithstanding Article 22.b. of the Agreement, if self-insured and/or aggregated retention layers are established and it is determined that funds remain after the payment of all claims, a dividend may be declared by the GL2 Committee. If a dividend is declared, the dividend shall be payable to the members participating in the layer, during the period in which there are excess funds, based on each member's share of contributions to the applicable layer, regardless of whether the member is a participating member in the GL2 Program at the time the dividend is declared.

8. **MEMORANDUM OF COVERAGE.** A Memorandum of Coverage will be issued by PRISM evidencing membership in the GL2 Program and setting forth terms and conditions of coverage.

9. **CLAIMS ADMINISTRATION.** Each participating member is required to comply with PRISM's Underwriting and Claims Administration Standards (including Addendum B - Liability Claims Administration Guidelines) as amended from time-to-time, and which are attached hereto as Exhibit A and incorporated herein.

10. **CLAIMS REVIEW COMMITTEE.** There is hereby established a GL2 Claims Review Committee (hereinafter referred to as "CRC2") and, except as otherwise provided herein, the CRC2 shall have full authority to determine all matters affecting the settlement of claims for participating members in excess of the members' respective SIRs. The CRC2 shall also have full authority to conduct business on any other matters that have been delegated to it by the GL2 Committee. The CRC2 shall review all claims arising out of the GL2 Program against members, which involve or may involve liability of PRISM. The CRC2 may settle claims in excess of the members' SIRs in accordance with Article XI of PRISM's Bylaws. The CRC2 Committee shall advise the GL2 Committee as to the nature and extent of claims adjusting and legal defense services necessary to protect the funds of PRISM, as to settlement of claims above its monetary limits which involve liability of PRISM, and such other functions as the GL2 Committee may direct. The GL2 Committee may appoint legal counsel or use County Counsel representatives to serve in an advisory capacity to the CRC2.

A. The GL2 Committee shall appoint members to the CRC2. Terms of service on the CRC2 will be through December 31<sup>st</sup> of the year of expiration or until the GL2 Committee makes new appointments at its meeting the following year, whichever is later.

- i. The CRC2 shall be comprised of 7 members who participate in the GL2 Program, of which 5 are voting members and 2 are alternates who are eligible to vote at any meeting where a voting member is absent. For the first year of the Committee, 3 of the voting members will serve 2 year terms and the other 2 voting members will serve 1 year terms. After the completion of the first year of the CRC2, the 2 expiring terms will become 2 year terms thereafter. Alternate members serve one-year terms.

B. The CRC2 shall meet at regularly scheduled times and places or upon the call of the Chair. Written notice of regular meetings shall be in accordance with the provisions of Article III.(1)(c) of the Bylaws. Special meetings shall be called and noticed in accordance with the provisions of Article III.(2).

A majority of the members of the CRC2 shall constitute a quorum for the transaction of business. All actions of the CRC2 shall require the affirmative votes of a majority of the members at a meeting duly held at which a quorum is present.

C. Should a member disagree with the denial of a request for settlement authority, the member may appeal the decision to the GL2 Committee for reconsideration. If the Committee agrees with the CRC2's decision, then the member may appeal the decision to the Executive Committee pursuant to subsection (c) of Article 31 of the Agreement and thereafter follow the steps laid out in that subsection.

#### 11. **APPLICATION TO THE PROGRAM.**

A. All applications to join the GL2 Program will be evaluated by and subject to approval by the GL2 Committee and the underwriter.

B. Any entity which makes application to become a participating member of the GL2 Program who is not already a participating member in PRISM must also be approved in accordance with the provisions of Article 19 of the Agreement.

C. New participating members may be added to the GL2 Program during the term of the coverage period on a pro-rata basis. Notwithstanding late entry into the Program, the new member may be assessed additional sums pursuant to paragraph 6 herein, based upon all claims against the fund during the entire coverage period.

12. **WITHDRAWAL AND/OR CANCELLATION FROM THE PROGRAM.** Withdrawal and/or cancellation of a member from the GL2 Program shall be in accordance with the provisions of Article 20 or 21 of the Agreement, except that any interest or other dividend to which the withdrawing member is otherwise entitled shall be payable to the withdrawing member in accordance with paragraph 7 herein.

13. **LATE PAYMENTS.** Notwithstanding any other provision to the contrary regarding late payment of invoices or cancellation from a program, at the discretion of the Executive Committee, any member that fails to pay an invoice when due may be given a ten (10) day written notice of cancellation.

14. **RESOLUTION OF DISPUTES.** Any question or dispute with respect to the rights and obligations of the parties to this Memorandum regarding coverage shall be determined in accordance with the Article 31 of the Agreement, and may also be subject to approval of the underwriter.

15. **AMENDMENT.** This Memorandum may be amended by a majority vote of the GL2 Committee and signature on the Memorandum by the member's designated representative who shall have authority to execute this Memorandum. Should a member of the GL2 Program fail to execute any amendment to this Memorandum within the time provided by the GL2 Committee, the member will be deemed to have withdrawn as of the end of the policy period.

16. **COMPLETE AGREEMENT.** Except as otherwise provided herein, this Memorandum constitutes the full and complete agreement of the members.


17. **SEVERABILITY.** Should any provision of this Memorandum be judicially determined to be void or unenforceable, such determination shall not affect any remaining provision.

18. **EFFECTIVE DATE.** This Memorandum shall become effective on the effective date of coverage for the member and upon approval by the GL2 Committee of any amendment, whichever is later.

19. **EXECUTION IN COUNTERPARTS.** This Memorandum may be executed in several counterparts, each of which shall be an original, all of which shall constitute but one and the same instrument.

In witness whereof, the undersigned have executed this Memorandum as of the date set forth below.

Dated: 5/30/19

  
Public Risk Innovation, Solutions, and Management

Dated: \_\_\_\_\_

\_\_\_\_\_  
Name, Position: \_\_\_\_\_

Member Entity: \_\_\_\_\_