

RESOLUTION NO. 86-38

A RESOLUTION AUTHORIZING MEMBERSHIP IN THE CALIFORNIA
JOINT POWERS INSURANCE AUTHORITY

Resolved:

The City Council of the City of Lodi authorize the Mayor and City Clerk to execute the Joint Powers Agreement creating the California Joint Powers Insurance Authority (CJPIA). A copy of that agreement is attached hereto, identified as Exhibit A, and thereby made a part hereof.

Further Resolved:

Effective 12:01 a.m. Wednesday, March 5, 1986, the City will participate in insurance layers outlined as:

Layer A	\$ 250,000 excess of \$ 250,000 SIR per occurrence
Layer B	\$ 500,000 excess of \$ 500,000 per occurrence
Layer C	\$4,000,000 excess of \$1,000,000 per occurrence
Layer D	\$5,000,000 excess of \$5,000,000 per occurrence

Further Resolved:

The City Manager is authorized and directed to implement administrative procedures necessary to the operation of this program.

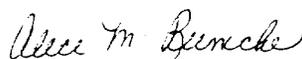
Dated: March 5, 1986

I hereby certify that Resolution No.86-38 was passed and adopted by the City Council of the City of Lodi in a regular meeting held March 5, 1986 by the following vote:

Ayes: Council Members - Olson, Pinkerton, Reid, Snider, and
Hinchman (Mayor)

Noes: Council Members - None

Absent: Council Members - None


Alice M. Reimche
City Clerk

JOINT POWERS AGREEMENT

CREATING THE

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

JOINT POWERS AGREEMENT

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CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

JOINT POWERS AGREEMENT

This Agreement is made by and among the undersigned public entities, all of which are public entities generally organized and operating under the laws of the State of California or public entities specifically organized and operating under Section 6507 of the California Government Code and related provisions of law which authorize the creation and operation of governmental joint powers authorities under California Law.

RECITALS

- I. The following state laws, among others, authorize the Member Entities to enter into this agreement:
- A. Labor Code Section 3700(b) allowing a local public entity to fund its own workers' compensation claims;
 - B. Government Code Sections 989 and 990, and Education Code Section 15802, permitting a local public entity to insure itself against liability and other losses;
 - C. Government Code Section 990.4 permitting a local public entity to provide insurance and self-insurance in any desired combination;
 - D. Government Code Sections 990.8 permitting two or more local public entities to enter into an agreement to jointly fund such expenditures under the authority of Government Code Sections 6500 - 6515; and
 - E. Government Code Section 6500 - 6515 permitting two or more local public entities to jointly exercise under an agreement any power which is common to each of them.
- II. Each of the parties to this Agreement desires to join together with

the other parties for the purposes of:

- A. Developing effective risk management programs to reduce the amount and frequency of their losses;
- B. Pooling their self-insured losses; and
- C. Jointly purchasing excess insurance and administrative services in connection with any of the Pooled Coverage Programs for said parties.

III. The governing board of each undersigned public entity has determined that it is in its own best interest and in the public interest that this present Agreement be executed and that it shall participate as a member of the public entity created by this Agreement.

Now, therefore, the undersigned, by, between and among themselves, in consideration of the mutual benefits, promises and agreements set forth below, hereby agree as follows:

AGREEMENT

ARTICLE I

CREATION OF THE CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

Pursuant to Article 1, Chapter 5, Division 7, Title 1 of the Government Code of the State of California (commencing with Section 6500), the parties hereto hereby create a public agency, separate and apart from the parties hereto, to be known as the California Joint Powers Insurance Authority, hereinafter called the Authority.

ARTICLE II

PURPOSES

This Agreement is entered into by Member Entities pursuant to the provisions of California Government Code Section 990, 990.4, 990.8, and 6500 et

seq. in order to:

- A. Develop effective risk management programs to reduce the amount and frequency of their losses;
- B. To share the risk of self-insured losses; and
- C. Jointly purchase excess insurance and administrative and other services including, but not limited to: claims adjusting, data processing, risk management, loss prevention and legal services in connection with any of the Pooled Coverage Programs for said parties. These purposes shall be accomplished through the exercise of the powers of the Member Entities jointly in the creation and operation of the Authority.

It is also the purpose of this Agreement to Provide, to the extent permitted by law, for the inclusion at a subsequent date of such additional public entities organized and existing under the Constitution or laws of the State of California as may desire to become parties to this Agreement and members of the Authority, subject to ARTICLE XVIII.

It is also the purpose of this Agreement to Provide for the removal of Member Entities for cause, or upon request.

ARTICLE III

DEFINITIONS

Unless the context otherwise requires the following terms shall be defined as herein stated:

- A. "Adjusted Deposit Premium" shall mean the amount determined retrospectively by the Board as each Member Entity's share of losses, reserves, expenses and interest income for each Program Year of each Program of the Authority;
- B. "Authority" shall mean the California Joint Powers Insurance

Authority created by this Agreement;

C. "Board" or "Board of Directors" shall mean the governing body of the Authority;

D. "Charter Members" shall mean those Member Entities executing this Agreement on or before January 31, 1986;

E. "Claims" shall mean demands made against the Member Entities or the Authority arising out of occurrences which are within the Authority's pooled coverages as determined by the Board;

F. "Covered Loss" shall mean any loss resulting from a claim or claims against a Member Entity or the Authority which is in excess of its respective self-insured retention, and is pooled by the Authority;

G. "Deposit Premium" shall mean the estimated amount determined by the Board for each Member Entity necessary to fund each Program Year of each program of the Authority;

H. "Excess Insurance" shall mean that insurance purchased by the Authority to cover losses in excess of the Authority's pools;

I. "Incurred Loss" shall mean the sum of monies paid and reserved by the Authority to investigate, defend and satisfy a Covered Loss sustained by a Member Entity or the Authority;

J. "Associate Members" shall be those Member Entities executing this Agreement after January 31, 1986;

K. "Member Entity" shall mean any of the public entities which are a party to this Agreement;

L. "Program Year" shall mean a period of time determined by the Board, usually 12 months, into which each Program shall be segregated for ease in determining Deposit Premiums, Incurred Losses, Adjusted Deposit Premiums and Retrospective Premium Adjustments;

M. "Pooled Coverage Programs" shall include but not be limited to property, workers' compensation, and liability coverages as may be determined by the Board from time to time; and

N. "Retrospective Premium Adjustment" shall mean the amount necessary to periodically adjust the Deposit Premium, to reflect the estimated changes in each Member Entity's share of losses, reserves, expenses and interest income for each Policy Year of Each Program of the Authority.

ARTICLE IV

PARTIES TO AGREEMENT

Each party to this Agreement certifies that it intends to, and does contract with, all other parties who are signatories of this Agreement and, in addition, with such other parties as may later be added as parties to, and signatories of, this Agreement pursuant to ARTICLE XVIII. Each party to this Agreement also certifies that the deletion of any party from this Agreement, pursuant to ARTICLE XIX or XX, shall not affect this Agreement nor the remaining parties' intent to contract as described above with the other parties to the Agreement then remaining.

ARTICLE V

TERM OF AGREEMENT

This agreement shall become effective as of the date hereof and shall continue in full force until terminated in accordance with ARTICLE XXII.

ARTICLE VI

POWERS OF THE AUTHORITY

The Authority is authorized, in its own name, to do all acts necessary to fulfill the purposes of this Agreement referred to in ARTICLE II including, but not limited to each of the following:

- A. Make and enter into contracts;
 - B. Incur debts, liabilities and obligations; but no debt, liability or obligation of the Authority is a debt, liability or obligation of any Entity which is a party to this Agreement, except as otherwise provided by ARTICLES XXI and XXII;
 - C. Acquire, hold or dispose of real and personal property;
 - D. Receive contributions and donations of property, funds, services and other forms of assistance from any source;
 - E. Sue and be sued in its own name;
 - F. Employ agents and employees;
 - G. Acquire, construct, manage and maintain buildings;
 - H. Lease real or personal property including that of a Member Entity;
- and
- I. Receive, collect, invest and disburse monies.

These powers shall be exercised in the manner provided by applicable law and as expressly set forth in this Agreement.

ARTICLE VII

MEMBER ENTITY RESPONSIBILITIES

The Member Entities shall have the following responsibilities:

- A. To cooperate fully with the Authority in determining the cause of losses and in the settlement of claims, as defined in the coverage agreement;

B. To pay Deposit Premiums, and any adjustments thereto, promptly to the Authority when due;

C. To provide the Authority with such statistical and loss experience data and other information as may be necessary for the Authority to carry out the purposes of this Agreement; and

D. To cooperate with and assist the Authority and any insurer, claims adjuster or legal counsel retained by the Authority, in all matters relating to this Agreement and to comply with the Bylaws and all Policies and Procedures adopted by the Board.

ARTICLE VIII

BOARD OF DIRECTORS

There shall be a Board of Directors to govern the affairs of the Authority. Until February 1, 1986, the Board of Directors of the California Association of Joint Powers Authorities shall serve as the Authority's Board. Thereafter, the number of Directors shall be three more than the number of Charter Members and shall be elected as specified in this ARTICLE.

BOARD OF DIRECTORS-POWERS

The powers of the Board shall be all of the powers of the Authority not specifically reserved to the Member Entities by this Agreement.

The Member Entities hereby retain the following powers:

- A. The election of the Board of Directors as specified in this ARTICLE;
- B. The expulsion of Member Entities as specified in ARTICLE XX;
- C. Approval of amendments to this Agreement as specified in ARTICLE XXV; and

D. The rejection of Member Entities from participation in layers of pooled coverages as specified in ARTICLES XVII and XVIII.

BOARD OF DIRECTORS-APPOINTMENTS/ELECTIONS

The Board of Directors shall be appointed or elected in the following manner:

A. Each Charter Member shall appoint one director to the Board of Directors. An alternate director may also be appointed, and if so appointed, shall have all of the powers of the director in the absence of the director.

B. The remaining vacancies on the Board of Directors shall be filled by the Associate Members in the following manner:

1. Each Associate Member may place a representative in nomination for the Board.

2. Each Associate Member shall cast its weighted vote for the candidate of its choice. The weighted vote shall be determined by giving one vote per million dollars of Workers' Compensation payroll for the Program Year just ended, rounded up to the next higher million dollars.

3. The three candidates receiving the most votes shall be elected for two year terms.

No Member Entity shall have more than one representative on the Board of Directors.

The unexcused absence, as determined by the Board, of any director representing the Associate Members from two consecutive meetings of the Board shall be cause for removal of said Director and such removal shall create a vacancy on the Board.

The Board shall have the power to fill, until the next meeting of the Member Entities, any vacancies that occur within the Directors representing the Associate Members.

ARTICLE IX
MEETINGS AND RECORDS

Member Meetings

The Member Entities shall hold at least one regular meeting each year, at which time the Associate Members shall elect the appropriate number of new Board Members as specified in ARTICLE VIII. Absentee ballots shall be an acceptable form of voting for Board Members. The Board shall fix the date, hour and place at which each regular meeting is to be held and the Board President shall preside at all meetings of the Member Entities. Special meetings may also be called upon written request by the President or at least one-third of the Member Entities. Notice of special meetings shall be delivered personally or by mail to each Member Entity at least 7 days before the time of such meeting.

Board Meetings

The Board shall hold at least one regular meeting each year. The Board shall fix the date, hour and place at which each regular meeting is to be held. The General Manager/Secretary may request special meetings as needs dictate. Special meetings may also be called upon written request by, the President or at least one-third of the Board. 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.

Each meeting of the Member Entities and the Board, including, without limitation, regular, adjourned regular and special meetings, shall be called, noticed, held and conducted in accordance with the Ralph M. Brown Act (Section 54950 et. seq. of the Government Code).

The General Manager/Secretary shall keep or have kept minutes of all regular, adjourned regular, and special meetings of the Member Entities and the Board. As soon as possible after each meeting, he shall have a copy of the minutes forwarded to each member of the Board and to each Member Entity.

As soon as practicable after the first meeting of the Board, and within the first twelve months of the Authority's existence, the Board shall cause Bylaws and Administrative Policies and Procedures Manual to be developed, which are not inconsistent either with applicable law or with this Agreement, to govern the day-to-day operations of the Authority. Each Board member and each Member Entity shall receive a copy of any Bylaws and Administrative Policies and Procedures Manual developed under this ARTICLE. Thereafter, the Board may adopt additional Bylaws and Administrative Policies and Procedures or change existing ones so long as they shall be and remain consistent with both applicable law and with this Agreement. The General Manager/Secretary shall promptly send to each Board member and to each Member Entity each Bylaw amendment and Administrative Policy and Procedure change promptly after its adoption by the Board.

No business may be transacted by the Board or the Member Entities without a quorum of their respective members being present. A quorum shall consist of a majority of their respective members. A majority of the members present must vote in favor of a motion to approve it, except as otherwise provided in this Agreement. The Board and the Member Entities shall conduct their business in accordance with Roberts Rules of Order.

ARTICLE X

OFFICERS & EMPLOYEES

The Officers of the Authority shall be the President, Vice President, General Manager/Secretary, Treasurer and Auditor/Controller. The President and

Vice-President shall be elected by the Board from among its own members at its first meeting. The term of office for President and Vice President shall be two years. The President and Vice President shall assume the duties of their offices upon election. If either the President or Vice-President ceases to be a member of the Board, the resulting vacancy shall be filled at the next regular meeting of the Board held after the vacancy occurs.

The General Manager shall be the Secretary and Chief Administrative Officer of the Authority. The Board shall appoint the General Manager/Secretary, the Treasurer, and the Auditor/Controller. However, the person appointed as Auditor/Controller may not be the same person that is appointed as the General Manager/Secretary or as the Treasurer. Their responsibilities and duties shall be as defined in the Bylaws and as assigned by the Board. The Board may appoint such other officers and employees and may contract with such persons or firms as it considers necessary to carry out the purposes of this Agreement.

Any Member Entity which agrees to have an employee or other representative assigned duties pursuant to this ARTICLE may be reimbursed by the Authority for that individual's time or services rendered on behalf of the Authority, at the discretion of the Board. Any loss or liability arising out of the activities of such employee or other representative while carrying out the assigned duties shall be the responsibility of the Authority.

ARTICLE XI

FISCAL YEAR

The first Fiscal Year of the Authority shall be the period from the date of this Agreement through June 30, 1987 and subsequent Fiscal Years of the Authority shall end on June 30 of each succeeding year.

ARTICLE XII

BUDGET

The Board shall adopt an annual budget not later than 90 days prior to the beginning of each Fiscal Year.

ARTICLE XIII

ANNUAL AUDITS AND AUDIT REPORTS

Financial Audit

The Auditor/Controller shall cause an annual financial audit to be made with respect to all receipts, disbursements, other transactions and entries into the books by a Certified Public Accountant, and a report of such financial audit shall be filed as a public record with each of the Member Entities. Such report shall be filed no later than required by law. All Costs of such financial audit shall be paid by the Authority and shall be charged against the Member Entities in the same manner as all other administrative costs.

Claims Audit

The Board of Directors shall cause an annual claims audit to be made on each of the Member Entities' claims prior to the annual retrospective calculations for retrospective premium adjustments, and a report of such claims audit shall be filed as a public record with each of the Member Entities. All costs of such claims audit shall be paid by the Authority.

ARTICLE XIV

ESTABLISHMENT AND ADMINISTRATION OF FUNDS

The Authority shall be responsible for the strict accountability of all

funds and reports of all receipts and disbursements. It will comply with all provisions of law relating to the subject, particularly Section 6505 of the California Government Code.

All of the funds of the Authority may be held in common and each Program Year of each Pooled Coverage Program shall be accounted for separately on a full accrual basis.

The Treasurer shall receive, invest, and disburse funds only in accordance with the procedures established by the Board and in conformity with applicable law.

ARTICLE XV

DEPOSIT PREMIUMS

The Deposit Premium for each Member Entity shall be in the same ratio as that Entity's Payrolls bear to the total Payrolls of all Entities participating in the same layer of each Program in each Program Year. The Deposit Premiums shall be billed to the Member Entities 30 days prior to the inception of coverage, shall be due and payable at the inception of coverage and subject to penalties and interest if not paid within 30 days thereafter. The Board shall have the authority to subsequently increase the Deposit Premiums prior to the first Retrospective Premium Adjustment if, in its opinion, it should become necessary.

ARTICLE XVI

RETROSPECTIVE PREMIUM ADJUSTMENTS

Retrospective Premium Adjustments shall be calculated at the conclusion of each Program Year and annually thereafter until all applicable claims are finalized.

Retrospective Premium Adjustments for each Program shall be made as specified in the Bylaws.

ARTICLE XVII

POOLED COVERAGE PROGRAMS

The pooled coverage for each Program shall be as specified in the bylaws. Each Member Entity shall have the ability to determine which Programs and which layers within these Programs it will participate in from year to year except when rejected by one third or more of the Member Entities participating during the previous year in any layer of any Program in which the Member Entity wishes to initiate participation and except as prohibited by ARTICLE XIX. Said determinations shall be exercised and communicated in writing to the Authority six months prior to the inception of each Program's Policy Year.

ARTICLE XVIII

NEW MEMBERS

Prospective members may apply for participation in any of the Authority's Programs at any time.

The Board shall review all new member applications and determine which entities shall be accepted for participation in each layer of each of the Authority's Programs, except when rejected by one third or more of the Member Entities in any layer of any Program in which the prospective member applies to participate.

Entities 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.

Deposit Premiums for entities entering any Program at other than the beginning of the Authority's Program Year, shall be prorated for the remainder of the Program Year.

ARTICLE XIX

WITHDRAWAL

A. Any Member Entity which enters any layer of any Pooled Coverage Program shall not withdraw from that layer for a three-year period commencing with its entrance into said Program.

B. A Member Entity which enters any Pooled Coverage Program shall not withdraw from that Program or as a party to this Agreement or the Authority for a three-year period commencing with its entrance into said Program.

C. After the initial three-year noncancellable commitment to any layer of a Program, a Member Entity may withdraw from said layer only at the end of said Program's Program Year, provided it has given the Authority a six-month written notice of its intent to withdraw from said layer. A Member Entity may withdraw from a Program only upon its withdrawal from all of the layers of that Program. A Member Entity may withdraw as a party to this Agreement or the Authority only upon its withdrawal from all of the Authority's Programs.

D. Any Member Entity which withdraws as a participant of any Program pursuant to Section C. of this ARTICLE shall not be reconsidered for participation in said Program until the expiration of three years from the Member Entity's withdrawal.

ARTICLE XX

EXPULSION

The Authority may expel any Member Entity as a participant in any Program or as a Member of the Authority by a two-thirds vote of the Member Entities, but only for material breaches of this Agreement.

ARTICLE XXI

EFFECT OF WITHDRAWAL OR EXPULSION

The withdrawal or expulsion of any Member Entity after the inception of its participation in any Program shall not terminate its responsibility to:

- A. To cooperate fully with the Authority in determining the cause of losses and in the settlement of claims, as defined in the coverage agreement;
- B. To pay any Deposit Premium increases and Retrospective Premium adjustments determined by the Board to be due and payable for each Program Year of each Program in which it participated;
- C. To provide the Authority with such statistical and loss experience data and other information as may be necessary for the Authority to carry out the purposes of this Agreement; and
- D. To cooperate with and assist the Authority and any insurer, claims adjuster or legal counsel retained by the Authority, in all matters relating to this Agreement.

ARTICLE XXII

TERMINATION AND DISTRIBUTION

This Agreement may be terminated any time during the first three noncancellable years by the written consent of all Member Entities, and thereafter by the written consent of three-fourths of the Member Entities; provided, however, that this Agreement and the Authority shall continue to

exist for the purpose of disposing of all claims, distribution of assets and all other functions necessary to wind up the affairs of the Authority.

Upon termination of this Agreement, all assets of the Authority shall be distributed only among the parties that have been participants in its Programs, including any of those parties which previously withdrew pursuant to ARTICLES XIX and XX of this Agreement, in accordance with and proportionate to their net premium payments made during the term of this Agreement. The Board shall determine such distribution within six months after the last pending claim or loss covered by this Agreement has been finally disposed of.

The Board is vested with all powers of the Authority for the purpose of concluding and dissolving the business affairs of the Authority. These powers shall include the power to require Member Entities, including those which were Program participants at the time the claim arose or at the time the loss was incurred, to pay their share of any additional amount of premium deemed necessary by the Board for final disposition of all claims and losses covered by this Agreement.

ARTICLE XXIII

NOTICES

Notices to Member Entities under this Agreement shall be sufficient if mailed to their respective addresses on file with the Authority. Notices to the Authority shall be sufficient if mailed to the address of the Authority as contained in the Bylaws.

ARTICLE XXIV

PROHIBITION AGAINST ASSIGNMENT

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

ARTICLE XXV

AMENDMENTS

This Agreement may be amended by a two-thirds vote of the Member Entities of the Authority at any regular or special meeting of the Member Entities, provided that any amendment is compatible with the purposes of this Agreement and has been submitted to the Member Entities at least 90 days in advance. Any such amendment shall be effective immediately, unless otherwise designated.

ARTICLE XXVI

SEVERABILITY

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

ARTICLE XXVII

AGREEMENT COMPLETE

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

IN WITNESS WHEREOF, the parties hereto have executed this Joint Exercise of Powers Agreement by their duly authorized officers.

CITY OF LODI

ATTEST:

Alex M. Buncicki
City Clerk

David Johnson
Mayor

3-5-86
(Date)