

**NORTH BAY SCHOOLS
INSURANCE AUTHORITY**

ADDENDUM II

**PROPERTY/LIABILITY
PROGRAM**

NORTH BAY SCHOOLS INSURANCE AUTHORITY

JOINT EXERCISE OF POWERS AGREEMENT

ADDENDUM II

PROPERTY/LIABILITY PROGRAM

The Public Education Agencies signatory to this Agreement Addendum for the purposes of establishing, operating, and maintaining a self-insurance or group insurance program for Property/Liability protection;

WITNESSETH

WHEREAS, there already exists a Joint Powers Authority known as North Bay Schools Insurance Authority (NBSIA), a public entity, separate and apart from the parties hereto established pursuant to Title I, Division 7, Chapter 5, Article 1 (Sections 6500, et seq.) of the California Government Code, which was established for the purpose of operating and maintaining self-insurance or group insurance programs for property/liability coverage; and

WHEREAS, there already exists a Joint Exercise of Powers Agreement and Bylaws which govern the operations of NBSIA and its Members; and

WHEREAS, the parties signatory to this Property/Liability Addendum determined that there was a need for self-insurance or group insurance programs for property/liability protection for their mutual advantage and concern and are already Members of the NBSIA Property/Liability Program; and

WHEREAS, it is the desire of the signatories hereto to operate under the Joint Exercise of Powers Agreement and Bylaws of NBSIA, except as modified or specified in the Addendum; the parties hereto agree as follows:

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PROPERTY/LIABILITY PROGRAM

By enactment of a Joint Exercise of Powers Agreement, NBSIA established a Property/Liability Program subject to the following operational procedures and conditions; the Program began September 1, 1985.

1. Claims Handling and Settlement

NBSIA shall have the sole authority, power and duty to handle all aspects of property/liability claims against Members arising out of facts occurring during membership in NBSIA.

2. Property/Liability Fund

A fund is established and maintained from Member contributions, to be used for the payment of, but not limited to, the following:

- A. Self-insured claim payments
- B. Insurance premiums
- C. Claims administration expenses
- D. NBSIA operating expenses
- E. Investigative costs
- F. Legal costs
- G. Expert witness fees
- H. Audit costs
- I. Broker fees
- J. Property appraisal fees
- K. Miscellaneous

3. Subrogation Authority

NBSIA shall have the authority to seek and recover damages from responsible third parties whenever possible. Such recoveries shall be deposited in the Property/Liability Fund.

4. Annual Contributions

Each Member of the Property/Liability Program shall make an annual contribution in an amount determined by the Board of Directors at the June Board meeting. Said contributions shall be based upon each Member's pro rata share of the total average daily attendance (ADA), risk exposure, total insured value (TIV) for buildings and contents, and claims experience. The allocation formula shall be actuarially sound. Payments shall be made in accordance with Board Policy.

5. Investment of Property/Liability Funds.

The Executive Committee, acting as the Investment Committee, shall invest funds which are not needed for the day to day operation of the Program in accordance with NBSIA's Investment Policy.

6. Member Liability

Should property/liability costs exceed total yearly contributions, each Member may be assessed an additional contribution. The Board of Directors shall determine any assessment and charge it based upon the percentage of yearly contributions paid by each Member relative to the total yearly contributions paid by all Members for all years.

7. Withdrawal from or Termination of Membership

- A. Any Member having completed three (3) consecutive years as a member may withdraw from its status as a Member and party to the Property/Liability Program at the end of any fiscal year by notifying NBSIA, in writing, of its intent to withdraw together with a copy of the governing body's resolution or meeting minutes authorizing such action, prior to December 31st of that fiscal year.
- B. The Member filing the notice of intent to withdraw shall notify NBSIA, in writing, by March 31st prior to the end of the program year as to its final decision regarding membership in the Property/Liability Program for the forthcoming fiscal year. Said decision shall be binding for the forthcoming program year. Failure by the withdrawing Member to notify NBSIA of its decision by March 31st prior to the end of the program year shall result in termination of the Member's participation in the Property/Liability Program at the end of the current program year, pending appeal to the Board of Directors. If the appeal is granted, coverage shall be reinstated as of the date included in the grant of appeal. Failure to comply with the notification requirements and subsequent departure from the Property/Liability Program shall result in a charge against the Member's equity, if any, in an amount to be determined by the Executive Committee. If no equity is available, or there is insufficient equity available to the withdrawing member, the withdrawing member shall be billed the amount due NBSIA for the forthcoming program year.

- C. NBSIA shall continue to be responsible for administering to their conclusion all claims of a withdrawn member which were incurred while the withdrawn member was a member of NBSIA's Property/Liability Program.
- D. The withdrawing Member will be entitled to the pro-rata share of any unallocated equity or be responsible for the pro-rata share of any deficit for years in which the withdrawing Member was a participant in the Property/Liability Program. The equity or deficit shall be determined by the Program's actuary and/or the Executive Committee, subject to approval of the Board of Directors. No refund, repayment, or equity shall be given to any withdrawing Member until all claims against the Member have been fully discharged.
- E. Any Member that has voluntarily withdrawn from membership in Property/Liability Program shall not be eligible for readmission to that Program for a period of three (3) years from the date of withdrawal, however, any Member who has voluntarily terminated membership in the Program may, upon three-fourths (3/4) approval of the Board of Directors present at a meeting, return prior to the three (3) year requirement by paying a 20% surcharge on the contribution charged the first year of readmission.
- F. A Member may be involuntarily terminated from the Property/Liability Program upon a vote of three-fourths (3/4) of all the Members of the Authority. Involuntary termination shall have the effect of eliminating the party as a signatory to the Property/Liability Addendum and/or the Authority, effective at the end of the fiscal year in which the action is taken or upon such other date as the Board of Directors may specify, but in no case less than sixty (60) days after notice of the involuntary termination is given. The responsibility and participation of an involuntarily terminated member shall be the same as stated in this section for members withdrawing voluntarily.
- G. Grounds for involuntary termination include, but are not limited to, the following:
 - 1. Failure or refusal of a Member to abide by an amendment which has been adopted by the Authority or by the Members of the Authority as provided in the Agreement, Bylaws or this Addendum.
 - 2. Failure or refusal to pay contributions or assessments to the Authority as provided in the Agreement, Bylaws or this Addendum.
 - 3. Failure to comply with risk management or safety programs implemented by the Authority.
 - 4. Failure of a member to disclose a material fact to the Authority, whereby said material fact constitutes:
 - a. fraud, misrepresentation or concealment for the purposes of obtaining coverage with the Authority.
 - b. Interference with the Authority's ability to reasonably settle a legal action.

H. Pursuant to Government Code Section 6512.2, withdrawal from or termination by any party to this Agreement shall not be construed as a completion of the purpose of this Agreement and shall not require the repayment or return to the party or parties of all or any part of any contributions, payments, or advances made by the parties until the Agreement is rescinded or terminated as to all parties. After the completion of its purpose and discharge of all obligations, any surplus money remaining in the pool shall be returned in accordance with Section 13 of the Joint Powers Agreement.

8. Claim and Coverage Disputes

Any dispute regarding coverage or non-payment of a claim by NBSIA shall be adjudicated in accordance with NBSIA's Claim Dispute Policy and Procedure 5.20.

9. Amendments

Amendments to this Addendum shall be in accordance with Article IXB of the Bylaws.