

Northern Orange County Liability & Property Self-Insurance Authority

PRESIDENT
Tim McLellan
Cypress School District
9470 Moody Street
Cypress, CA 90630
(714) 220-6900

VICE PRESIDENT
Kathleen Thomason
GASELPA
7300 LaPalma Avenue
Buena Park, CA 90620
(714) 828-1766

TREASURER
Lynn Simmons
Coastline R.O.P.
1001 Presidio Square
Costa Mesa, CA 92626
(714) 979-1955

MEMBER DISTRICTS: Honorable Glenda Sanders
Presiding Judge of the Superior Court
7099 Civic Center Drive West
Santa Ana, California 92701-3320

Buena Park SD RE: 2014-15 Orange County Grand Jury Report
Joint Powers Authorities: Issues of Viability,
Control, Transparency and Solvency

Dear Judge Sanders:

Pursuant to California Penal Code §933.05(b)(3), enclosed herewith please find the response of the Northern Orange County Liability and Property Self-Insurance Authority ("NOCL&PSIA") with respect to the findings and recommendations of the above captioned Grand Jury Report ("Report.") First, we would like to commend the Grand Jury for its thoughtful analysis of the status of joint powers authorities ("JPA's") operating in Orange County.

In its report, however, the Grand Jury notes that NOCL&PSIA is subject to findings F4^1 and F5^1. NOCL&PSIA respectfully disagrees with these findings. The JPA agreement and bylaws of NOCL&PSIA clearly demonstrate that it is organized as a horizontal, not a vertical, JPA. NOCL&PSIA is not subject to the control of a single entity. The governing body of NOCL&PSIA is comprised of representatives from each of its member organizations. Furthermore all board members, like the member organizations, have equal voting rights. No individual board member or member organization wields more power than any other, and none is in a position to control or manipulate the others.

^1 F4. Vertical Joint Powers Authorities with a single controlling entity, such as a City council, have the potential to use this organizational structure as a shell company to avoid other legal constraints on the controlling entity and to obfuscate taxpayer visibility.

^1 F5. Vertical Joint Powers Authorities in which the controlling entity ,transfers assets from itself to a Joint powers Authority for the purpose of obtaining additional funding, or signs a long term lease to a Joint Powers Authority to obtain assets are avoiding transparency and are not acting in the best interest of the taxpayers.

^1 R3. All Joint Powers Authorities should take the following actions to insure transparency to the taxpayers: (1) have an annual outside audit, (2) post the complete audit on their city website as a separate Joint Powers Authority Entity (3) send the audit to the County Controller and the State Auditor, and (4) ensure that the required reports are filled annually to the County and state.





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MEMBER DISTRICTS:

The diagram on Page 10 of the Report, which is used to describe a typical "horizontal" JPA, precisely illustrates the composition of NOCL&PSIA and its board. Consequently, we believe that findings F4 and F5 were incorrectly applied to NOCL&PSIA.

ABC Unified SD

The only recommendation made with respect to NOCL&PSIA is recommendation R31. NOCL&PSIA is already in compliance with 3 of the 4 elements of this recommendation. The JPA has an annual audit conducted by an independent audit firm. The results of each audit are submitted to the County Controller and State Auditor, and it files all required reports with the County and state. With respect to posting audit results on its website or on the city's website, NOCL&PSIA does not currently maintain a web presence, therefore it has no website on which to post the audit report. Moreover, as the JPA is made up of member organizations that are all school districts located in various parts of the County, there is no single city, or even school district, website that would be appropriate for the posting of the JPA's audit. Therefore, NOCL&PSIA, respectfully request a waiver from compliance with item (2) of Recommendation R3 as meeting this requirement is not possible at this time.

Buena Park SD

Centralia SD

Coastline SD

Cypress SD

While we believe that the Grand Jury has examined all relevant records as part of its investigation, we are enclosing, for further review, in support of our belief that Findings F4 and F5 are inapplicable to NOCL&PSIA, a copy of the JPA agreement and its bylaws.

GASELPA

Please do not hesitate to contact me at (714) 220-6941 or TMcLellan@cypsd.k12.ca.us if you have any questions about our response, or need additional documentation.

La Habra City SD

Yours truly,

Los Alamitos SD

[Handwritten signature of Tim McLellan]

Tim McLellan
NOCL&PSIA President

Magnolia SD

North Orange County ROP

Savanna SD

South Coast ROP

Westminster SD



JOINT EXERCISE OF POWERS AGREEMENT

TO ESTABLISH, OPERATE, AND MAINTAIN A

JOINT PROGRAM

FOR LIABILITY AND PROPERTY PROTECTION

THIS AGREEMENT is entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Sections 6500, et seq.) of the California Government Code, relating to the joint exercise of powers, between the public agencies signatory hereto, and also those which may hereafter become signatory hereto, for the purpose of operating an agency to be known and designated as "Northern Orange County Liability And Property Self-Insurance Authority", hereinafter designated as "The Authority".

WITNESSETH:

WHEREAS, it is to the mutual benefit of the parties herein subscribed and in the best public interest of said parties to join together to establish this Joint Exercise of Powers Agreement to accomplish the purposes hereinafter set forth; and

WHEREAS, the development, organization, and implementation of The Authority is of such magnitude that it is desirable for aforesaid parties to join together in this Joint Exercise of Powers Agreement in order to accomplish the purposes hereinafter set forth; and

WHEREAS, the signatories hereto have determined that there is need, by public agencies, for a Joint Program for Liability and Property protection; and

WHEREAS, it has been determined by such signatories that a Joint Program for Liability and Property protection is of value on an individual and mutual basis; and

WHEREAS, Title 1, Division 7, Chapter 5, Article 1, of the California Government Code authorizes joint exercise by two or more public agencies of any power common to them; and

WHEREAS, it is the desire of the signatories hereto to jointly provide for a Joint Program for Liability and Property protection for their mutual advantage and concern; and

WHEREAS, it is the desire of the signatories hereto to study and from time to time to incorporate other forms of risk management into a Joint Program such as that described herein.

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE MUTUAL ADVANTAGES TO BE DERIVED THEREFROM, AND IN CONSIDERATION OF THE EXECUTION OF THIS AGREEMENT BY OTHER PUBLIC AGENCIES, each of the parties hereto does agree as follows:

1. CREATION OF THE JOINT POWERS ENTITY

A joint powers entity, separate and apart from the public agencies signatory hereto, shall be and is hereby created and shall hereafter be designated as the Northern Orange County Liability And Property Self-Insurance Authority, (hereinafter referred to as "The Authority").

2. FUNCTIONS OF THE AUTHORITY

A. The Authority is established for the purposes of administering this Agreement, pursuant to the provisions of the California Government Code, and of providing the services and other items necessary and appropriate for the establishment, operation and maintenance of a Joint Program for Liability and Property protection for the public agencies who are Members thereof, and to provide a forum for discussion, study, development and implementation of recommendations of mutual interest regarding other programs.

B. The functions of The Authority are:

- (1) To provide a Joint Program and system, as stated in the Basis of Contribution and given to each Member, for Liability and Property claims against the Members of The Authority and as such, to perform, or contract for the performance of, the financial administration, policy formulation, claim service, legal representation, safety engineering, and other services as necessary for the payment and handling of all Liability and Property claims against Members.
- (2) To pursue the Member's right of Subrogation against a third party when in the discretion of the Board of Directors the same is appropriate. Any and all proceeds resulting from the assertion of such Subrogation rights shall accrue to the benefit of The Authority.
- (3) To enter into contracts.
- (4) To obtain appropriate commercial insurance coverage as determined by the Board of Directors.
- (5) To acquire, hold, and dispose of property, real and personal, all for the purpose of providing the membership with the necessary education, study, development, and implementation of a Joint Program for Liability and Property including, but not limited to, the acquisition of facilities and equipment, the employment of personnel, and the operation and maintenance of a system for the handling of the Joint Program.
- (6) To incur debts, liabilities, and Obligations necessary to accomplish the purposes of this Agreement.
- (7) To receive gifts, contributions, and donations of property, funds, services, and other forms of assistance from persons, firms, corporations, associations, and any governmental entity.
- (8) To invest funds as deemed appropriate by the Board of Directors, and as subject to law.
- (9) To provide a forum for discussion, study, development, and implementation of recommendations of mutual interest regarding other Joint Programs.
- (10) To sue and be sued in the name of The Authority.
- (11) To perform such other functions as may be necessary or appropriate to carry out this

Agreement, so long as such other functions so performed are not prohibited by any provision of law.

- (12) To join other joint powers authorities to provide services and coverages to The Authority.

3. POWERS OF THE AUTHORITY

The Authority shall have the power and authority to exercise any power common to the public agencies which are parties to this Agreement, provided that the same are in furtherance of the functions and objectives of this Agreement as herein set forth. Pursuant to Section 6509 of the California Government Code, the exercise of the aforesaid powers of The Authority shall be subject to the restrictions upon the manner of exercising such powers by a public agency having the same status as a member agency or joint powers authority except as otherwise provided in this Agreement.

4. TERM OF THE AGREEMENT

This Agreement shall be effective and binding on any signatory thereto upon execution. This Agreement shall continue in effect until lawfully terminated as provided herein and in the Bylaws. In the event of a reorganization of one or more of the public agencies participating in this Agreement, the successor or successors in interest to the assets and/or obligations of any such reorganized public agency shall succeed as a party or as parties to this Agreement.

5. BYLAWS

- A. The Authority shall be governed pursuant to certain Bylaws, a copy of which is attached hereto as Exhibit "A" and incorporated herein by reference, and by such amendments to the Bylaws as may from time to time be adopted. Wherever in this Agreement "Bylaws" are referred to, said Bylaws shall be those set forth in Exhibit "A", as may be amended. Each party to this Agreement agrees to comply with and be bound by the provisions of said Bylaws and further agrees that The Authority shall be operated pursuant to this Agreement and said Bylaws.
- B. Procedures for amending the Bylaws shall be as provided in the Bylaws so long as not inconsistent with this Agreement.

6. MEMBERSHIP IN THE AUTHORITY

- A. Each party to this Agreement must be eligible for membership in The Authority as defined in the Bylaws and shall become a Member of The Authority on the effective date of this Agreement, except as provided herein below. Each party which becomes a Member of The Authority shall be entitled to the rights and privileges of, and shall be subject to the obligations of, membership as provided in this Agreement and in the Bylaws.
- B. Upon two-thirds (2/3) vote of the Members present at a Board of Directors' meeting, any public agency that is not a party hereto but that desires to join The Authority created hereby, may become a Member hereof by executing a copy of this Agreement whereby said public agency agrees to comply with the terms of this Agreement and of the Bylaws effective as of the date of such execution.

7. WITHDRAWAL FROM OR TERMINATION OF MEMBERSHIP

- A. Any party to this Agreement which has completed the minimum term as described in the Bylaws as a Member of The Authority may voluntarily terminate this Agreement as to itself and withdraw from membership in The Authority. Such termination and withdrawal of membership shall become effective subject and according to the conditions, manner and means set forth in the Bylaws.
- B. A Member may be involuntarily terminated from The Authority upon two-thirds (2/3) vote of all Members. Such removal from membership shall become effective subject and according to the conditions, manner and means set forth in the Bylaws.

8. TERMINATION OF AGREEMENT

This Agreement may be terminated effective at the end of any fiscal year by a three-fourths (3/4) vote of the Members present at a Board of Directors' meeting, provided, however, that The Authority and this Agreement shall continue to exist for the purpose of disposing of all Obligations, distribution of assets, and all other functions necessary to conclude the affairs of The Authority.

9. DISPOSITION OF PROPERTY, FUNDS AND OBLIGATIONS

- A. In the event of the dissolution of The Authority, the complete rescission, or other final termination of this Agreement by the public agencies then a party hereto, any property interest remaining in The Authority following a discharge of all Obligations shall be disposed of as provided for in the Bylaws.
- B. In the event a Member withdraws from this Agreement, any property interest of that member remaining in The Authority following discharge of all Obligations shall be disposed of as provided for in the Bylaws.

10. AMENDMENTS

This Agreement may be amended at any time by a subsequent written agreement signed by all the parties hereto. Any such amendment shall be effective upon the date of final execution thereof by all the parties hereto.

11. 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 any other applicable law, or be otherwise rendered unenforceable or ineffectual, the validity of the remaining portions, terms, conditions, and provisions shall not be affected thereby.

12. LIABILITY

- A. Pursuant to Section 6508.1 of the California Government Code, the debts, liabilities and Obligations of The Authority shall be debts, liabilities or Obligations of the parties to this Agreement.
- B. Pursuant to the provisions of Sections 895, et seq., of the California Government Code, the Members of The Authority are jointly and severally liable for any liability which is otherwise imposed by law upon any one of the Members or upon The Authority for injury caused by a negligent or wrongful act or omission occurring in the performance of this Agreement. If a Member, or The Authority, is held liable upon any judgement for damages caused by such an act or omission and makes payments in excess of its Pro Rata Share on such judgment, such Member of The Authority is entitled to contribution from each of the other Members that are parties to the Agreement. A Member's Pro Rata Share shall be determined in the same manner as for the disposition of property and funds as provided in the Agreement and the Bylaws.
- C. The Authority may insure itself, to the extent deemed necessary or appropriate by the Board of Directors, against loss, liability, and claims arising out of or connected with this Agreement.

13. ENFORCEMENT

The Authority is hereby given authority to enforce this Agreement. In the event suit is brought upon this Agreement by The Authority and judgment is recovered against a Member, the Member shall pay all costs incurred by The Authority, including reasonable attorney's fees as fixed by the court.

14. MULTIPLE COUNTERPART

The Agreement may be executed in multiple counterparts, each of which shall be considered an original.

DEFINITIONS

The terms used herein and in the Bylaws shall have the following meanings:

- A. "The Authority" shall mean the Northern Orange County Liability And Property Self-Insurance Authority created by this Agreement.
- B. "Basis of Contribution" shall mean the method by which the Board of Directors computes the Members share of the cost of each Program Year of the Joint Program.
- C. "Board of Directors" shall mean the governing board of The Authority established by the Bylaws to direct and control The Authority.
- D. "Capital Target" shall mean the excess by which the assets exceed the liabilities for all the Program Years measured at a point in time as determined by the Board of Directors.
- E. "Claim Liability" shall mean those liabilities established by The Authority which represents Liability and Property liabilities as respects to claims that have been incurred but unpaid and incurred but not reported.
- F. "Contribution" shall mean money paid by a Member to The Authority, or monies assessed a Member of The Authority.
- G. "Joint Program" shall mean the group purchasing of insurance or the setting aside of funds and reserves to pay for a self-insured retention or for losses not covered by insurance.
- H. "Liability and Property" shall mean coverage for liability and property claims as defined in the Basis of Contribution.
- I. "Member" shall mean an individual California school public agency, county office of education or joint powers authority comprised solely of California school public agencies which belongs to The Authority.
- J. "Memorandum of Coverage" shall mean the description of the scope of protection provided to the Members for Liability and Property claims.
- K. "Net Contribution Available For Pool Operations" shall mean the Contribution by each Member for each Program Year less amounts paid for Member's share of any excess insurance and individual risk management services.
- L. "Obligations" shall mean to include, but not limited to, all payments required by law together with all Claim Liabilities and any other legal obligations incurred by The Authority pursuant to this Agreement and Bylaws.
- M. "Program Year" shall mean one year of the Joint Program, separate from each and every other Program Year and shall operate on a fiscal year from July 1st through June 30th, or as otherwise determined by the Board of Directors.
- N. "Pro Rata Share" shall mean each Member's Net Contribution Available For Pool Operations in proportion to the total of all Member's Net Contributions Available For Pool Operations for each Program Year.
- O. "Subrogation" shall mean the recovery of payments which The Authority has made on behalf of a Member. Subrogation monies received are the property of The Authority and for the Basis of Contribution are credited to the account of the Member.

16. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between The Authority and the Members, and as such, supersedes all prior agreements, understandings, negotiations and representations.

CONTROLLING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their authorized officers thereunto duly authorized as set forth herein below.

Member: _____

Date: _____

By: _____

Title: _____

16. CONTROLLING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their authorized officers thereunto duly authorized as set forth herein below.

Member: ABC USD

Date: 4.14.99

By: Spring Ball

Title: Risk Manager

16. CONTROLLING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their authorized officers thereunto duly authorized as set forth herein below.

Member: Anaheim City S.D.

Date: 4.14.99

By: [Signature]

Title: Risk Mgr.

16. CONTROLLING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their authorized officers thereunto duly authorized as set forth herein below.

Member: Buena Park S.D.

Date: 4.13.99

By: [Signature]

Title: Asst. Sup. Business

16. CONTROLLING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their authorized officers thereunto duly authorized as set forth herein below.

Member: Capistrano-Laguna ROP

Date: 4.13.99

By: Lynn L. Simmons

Title: Business Manager

16. CONTROLLING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their authorized officers thereunto duly authorized as set forth herein below.

Member: Centralia SD

Date: 4/14/99

By: Man Afong

Title: ASST Supt BUS & ADMIN SVCS

16. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between The Authority and the Members, and s such, supersedes all prior agreements, understandings, negotiations and representations.

17. CONTROLLING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executes by their authorized officers thereunto duly authorized as set forth herein below.

Member: Coastline ROP

Date: 4/14/99

By: Marcus Gaway

Title: Director Fiscal/Administrative Services

16. CONTROLLING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their authorized officers thereunto duly authorized as set forth herein below.

Member: Cypress School District
Cynthia Z. Martin

Date: 4/14/99

By: Cynthia Z. Martin

Title: Director, Fiscal Services

16. CONTROLLING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their authorized officers thereunto duly authorized as set forth herein below.

Member: GASELPA

Date: 4.14.99

By: A. W. H. S. H.

Title: Business Manager

16. CONTROLLING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their authorized officers thereunto duly authorized as set forth herein below.

Member: La Habra SD

Date: 4.13.99

By: [Signature]

Title: Administration, Special Services

16. CONTROLLING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their authorized officers thereunto duly authorized as set forth herein below.

Member: Los Alamitos Unified School District

Date: 8/13/99

By: [Signature]

Title: Business Manager/Treasurer

16. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between The Authority and the Members, and as such, supersedes all prior agreements, understandings, negotiations and representations.

CONTROLLING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their authorized officers thereunto duly authorized as set forth herein below.

Member: MAGNOLIA SCHOOL DISTRICT

Date: _____

By: R. TORRENTINE

Title: Deputy Superintendent

16. CONTROLLING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their authorized officers thereunto duly authorized as set forth herein below.

Member: NOC ROP

Date: 4.13.99

By: [Signature]

Title: ASST. Sup. Business

16. CONTROLLING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their authorized officers thereunto duly authorized as set forth herein below.

Member:

Maria Plakas, SAVANNA S.D.

Date:

4/13/99

By:

Maree Plakas

Title:

Asst Supt

16. CONTROLLING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their authorized officers thereunto duly authorized as set forth herein below.

Member: Westminster SD

Date: 4.13.99

By: [Signature]

Title: Director, Business

AMENDMENT NO. 1

This Amendment hereby amends the **Joint Exercise of Powers Agreement** ("Agreement") by and between **Northern Orange County Liability & Property Self-Insurance Authority** (hereinafter referred to as "The Authority") and the Members ("Members").

WHEREAS, The Authority is seeking accreditation by CAJPA;

WHEREAS, CAJPA accreditation standards require certain language to be included in agreements with CAJPA accredited agencies, and

WHEREAS, the Parties now desire to conform the Agreement with the CAJPA contract standards;

NOW, THEREFORE, the parties agree as follows:

1. The following is added to Section 12. LIABILITY as Subsection D of the Agreement:

D. The Authority shall indemnify its officers and directors to the fullest extent allowed by law. The Authority shall indemnify any officer or director (or Trustees) who was or is a party or is threatened to be made a party to any proceeding by reason of the fact that such person is or was an officer and/or director (or Trustee) of The Authority, against expenses, judgments, fines, settlements and other amounts actually and reasonable incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interest of The Authority and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful.

2. The effective date of this Amendment is upon the date of final execution of this Amendment by all the parties hereto.
3. All other terms and conditions of the Agreement are unchanged.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized officers as set forth herein below.

Member: ABC Unified School District

Date: June 26, 2014

By: Joshie Cox

Title: Director of Purchasing/Risk Management

AMENDMENT NO. 1

This Amendment hereby amends the **Joint Exercise of Powers Agreement** ("Agreement") by and between **Northern Orange County Liability & Property Self-Insurance Authority** (hereinafter referred to as "The Authority") and the Members ("Members").

WHEREAS, The Authority is seeking accreditation by CAJPA;

WHEREAS, CAJPA accreditation standards require certain language to be included in agreements with CAJPA accredited agencies, and

WHEREAS, the Parties now desire to conform the Agreement with the CAJPA contract standards;

NOW, THEREFORE, the parties agree as follows:

1. The following is added to Section 12. LIABILITY as Subsection D of the Agreement:

D. The Authority shall indemnify its officers and directors to the fullest extent allowed by law. The Authority shall indemnify any officer or director (or Trustees) who was or is a party or is threatened to be made a party to any proceeding by reason of the fact that such person is or was an officer and/or director (or Trustee) of The Authority, against expenses, judgments, fines, settlements and other amounts actually and reasonable incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interest of The Authority and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful.

2. The effective date of this Amendment is upon the date of final execution of this Amendment by all the parties hereto.
3. All other terms and conditions of the Agreement are unchanged.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized officers as set forth herein below.

Member: Buena Park School District

Date: 6/25/14

By: [Signature]

Title: Asst Supt. Admin Svcs

AMENDMENT NO. 1

This Amendment hereby amends the **Joint Exercise of Powers Agreement** ("Agreement") by and between **Northern Orange County Liability & Property Self-Insurance Authority** (hereinafter referred to as "The Authority") and the Members ("Members").

WHEREAS, The Authority is seeking accreditation by CAJPA;

WHEREAS, CAJPA accreditation standards require certain language to be included in agreements with CAJPA accredited agencies, and

WHEREAS, the Parties now desire to conform the Agreement with the CAJPA contract standards;

NOW, THEREFORE, the parties agree as follows:

1. The following is added to Section 12. LIABILITY as Subsection D of the Agreement:

D. The Authority shall indemnify its officers and directors to the fullest extent allowed by law. The Authority shall indemnify any officer or director (or Trustees) who was or is a party or is threatened to be made a party to any proceeding by reason of the fact that such person is or was an officer and/or director (or Trustee) of The Authority, against expenses, judgments, fines, settlements and other amounts actually and reasonable incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interest of The Authority and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful.

2. The effective date of this Amendment is upon the date of final execution of this Amendment by all the parties hereto.
3. All other terms and conditions of the Agreement are unchanged.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized officers as set forth herein below.

Member: Centralia School District

Date: 6/25/14

By: Mark A. Saino

Title: Chief Business Officer

AMENDMENT NO. 1

This Amendment hereby amends the **Joint Exercise of Powers Agreement** ("Agreement") by and between **Northern Orange County Liability & Property Self-Insurance Authority** (hereinafter referred to as "The Authority") and the Members ("Members").

WHEREAS, The Authority is seeking accreditation by CAJPA;

WHEREAS, CAJPA accreditation standards require certain language to be included in agreements with CAJPA accredited agencies, and

WHEREAS, the Parties now desire to conform the Agreement with the CAJPA contract standards;

NOW, THEREFORE, the parties agree as follows:

1. The following is added to Section 12. LIABILITY as Subsection D of the Agreement:

D. The Authority shall indemnify its officers and directors to the fullest extent allowed by law. The Authority shall indemnify any officer or director (or Trustees) who was or is a party or is threatened to be made a party to any proceeding by reason of the fact that such person is or was an officer and/or director (or Trustee) of The Authority, against expenses, judgments, fines, settlements and other amounts actually and reasonable incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interest of The Authority and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful.

2. The effective date of this Amendment is upon the date of final execution of this Amendment by all the parties hereto.
3. All other terms and conditions of the Agreement are unchanged.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized officers as set forth herein below.

Member: COASTLINE ROP

Date: 6/25/14

By: *Gynn Summers*

Title: DIRECTOR of BUSINESS SERVICES

AMENDMENT NO. 1

This Amendment hereby amends the **Joint Exercise of Powers Agreement** ("Agreement") by and between **Northern Orange County Liability & Property Self-Insurance Authority** (hereinafter referred to as "The Authority") and the Members ("Members").

WHEREAS, The Authority is seeking accreditation by CAJPA;

WHEREAS, CAJPA accreditation standards require certain language to be included in agreements with CAJPA accredited agencies, and

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1. The following is added to Section 12. LIABILITY as Subsection D of the Agreement:

D. The Authority shall indemnify its officers and directors to the fullest extent allowed by law. The Authority shall indemnify any officer or director (or Trustees) who was or is a party or is threatened to be made a party to any proceeding by reason of the fact that such person is or was an officer and/or director (or Trustee) of The Authority, against expenses, judgments, fines, settlements and other amounts actually and reasonable incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interest of The Authority and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful.

2. The effective date of this Amendment is upon the date of final execution of this Amendment by all the parties hereto.
3. All other terms and conditions of the Agreement are unchanged.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized officers as set forth herein below.

Member: CYPRESS SCHOOL DISTRICT

Date: 6/25/14

By: Tim McLellan

Title: Assistant Superintendent, Business Services

AMENDMENT NO. 1

This Amendment hereby amends the **Joint Exercise of Powers Agreement** ("Agreement") by and between **Northern Orange County Liability & Property Self-Insurance Authority** (hereinafter referred to as "The Authority") and the Members ("Members").

WHEREAS, The Authority is seeking accreditation by CAJPA;

WHEREAS, CAJPA accreditation standards require certain language to be included in agreements with CAJPA accredited agencies, and

WHEREAS, the Parties now desire to conform the Agreement with the CAJPA contract standards;

NOW, THEREFORE, the parties agree as follows:

1. The following is added to Section 12. LIABILITY as Subsection D of the Agreement:

D. The Authority shall indemnify its officers and directors to the fullest extent allowed by law. The Authority shall indemnify any officer or director (or Trustees) who was or is a party or is threatened to be made a party to any proceeding by reason of the fact that such person is or was an officer and/or director (or Trustee) of The Authority, against expenses, judgments, fines, settlements and other amounts actually and reasonable incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interest of The Authority and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful.

2. The effective date of this Amendment is upon the date of final execution of this Amendment by all the parties hereto.
3. All other terms and conditions of the Agreement are unchanged.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized officers as set forth herein below.

Member: Greater Anaheim SELPA

Date: 6/20/14

By: [Signature]

Title: Director of Business Operations

AMENDMENT NO. 1

This Amendment hereby amends the Joint Exercise of Powers Agreement ("Agreement") by and between Northern Orange County Liability & Property Self-Insurance Authority (hereinafter referred to as "The Authority") and the Members ("Members").

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WHEREAS, CAJPA accreditation standards require certain language to be included in agreements with CAJPA accredited agencies, and

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2. The effective date of this Amendment is upon the date of final execution of this Amendment by all the parties hereto.
3. All other terms and conditions of the Agreement are unchanged.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized officers as set forth herein below.

Member: Carol Argomany
Date: 7-2-14
By: Carol Argomany
Title: Dir Class Personnel Insurance Supervisor

AMENDMENT NO. 1

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WHEREAS, CAJPA accreditation standards require certain language to be included in agreements with CAJPA accredited agencies, and

WHEREAS, the Parties now desire to conform the Agreement with the CAJPA contract standards;

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2. The effective date of this Amendment is upon the date of final execution of this Amendment by all the parties hereto.
3. All other terms and conditions of the Agreement are unchanged.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized officers as set forth herein below.

Member: Los Alamitos USD

Date: 6/20/14

By: [Signature]

Title: Deputy Superintendent

AMENDMENT NO. 1

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WHEREAS, The Authority is seeking accreditation by CAJPA;

WHEREAS, CAJPA accreditation standards require certain language to be included in agreements with CAJPA accredited agencies, and

WHEREAS, the Parties now desire to conform the Agreement with the CAJPA contract standards;

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3. All other terms and conditions of the Agreement are unchanged.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized officers as set forth herein below.


Member: _____

Date: _____

By: _____

Title: _____

[Handwritten Signature]
6-30-2014
Magnolia School District
Asst. Supt. Business



AMENDMENT NO. 1

This Amendment hereby amends the **Joint Exercise of Powers Agreement** ("Agreement") by and between **Northern Orange County Liability & Property Self-Insurance Authority** (hereinafter referred to as "The Authority") and the Members ("Members").

WHEREAS, The Authority is seeking accreditation by CAJPA;

WHEREAS, CAJPA accreditation standards require certain language to be included in agreements with CAJPA accredited agencies, and

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2. The effective date of this Amendment is upon the date of final execution of this Amendment by all the parties hereto.
3. All other terms and conditions of the Agreement are unchanged.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized officers as set forth herein below.

Member: North Orange County ROP

Date: June 25, 2014

By: Howard Burdett

Title: Assistant Superintendent
Administrative Services

AMENDMENT NO. 1

This Amendment hereby amends the **Joint Exercise of Powers Agreement** ("Agreement") by and between **Northern Orange County Liability & Property Self-Insurance Authority** (hereinafter referred to as "The Authority") and the Members ("Members").

WHEREAS, The Authority is seeking accreditation by CAJPA;

WHEREAS, CAJPA accreditation standards require certain language to be included in agreements with CAJPA accredited agencies, and

WHEREAS, the Parties now desire to conform the Agreement with the CAJPA contract standards;

NOW, THEREFORE, the parties agree as follows:

1. The following is added to Section 12. LIABILITY as Subsection D of the Agreement:

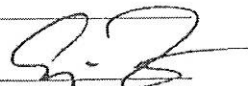
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2. The effective date of this Amendment is upon the date of final execution of this Amendment by all the parties hereto.
3. All other terms and conditions of the Agreement are unchanged.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized officers as set forth herein below.

Member: Savanna School District

Date: 6/25/14

By: Eric Fano 

Title: Accountant

AMENDMENT NO. 1

This Amendment hereby amends the **Joint Exercise of Powers Agreement** ("Agreement") by and between **Northern Orange County Liability & Property Self-Insurance Authority** (hereinafter referred to as "The Authority") and the Members ("Members").

WHEREAS, The Authority is seeking accreditation by CAJPA;

WHEREAS, CAJPA accreditation standards require certain language to be included in agreements with CAJPA accredited agencies, and

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2. The effective date of this Amendment is upon the date of final execution of this Amendment by all the parties hereto.
3. All other terms and conditions of the Agreement are unchanged.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized officers as set forth herein below.

Member: Patricia Romo

Date: 07/08/2014

By: Patricia Romo

Title: Assistant Superintendent

AMENDMENT NO. 1

This Amendment hereby amends the **Joint Exercise of Powers Agreement** ("Agreement") by and between **Northern Orange County Self-Funded Workers' Compensation Agency** (hereinafter referred to as "The Authority") and the Members ("Members").

WHEREAS, The Authority is seeking accreditation by CAJPA;

WHEREAS, CAJPA accreditation standards require certain language to be included in agreements with CAJPA accredited agencies, and

WHEREAS, the Parties now desire to conform the Agreement with the CAJPA contract standards;

NOW, THEREFORE, the parties agree as follows:

1. The following is added to Section 12. LIABILITY as Subsection D of the Agreement:

D. The Authority shall indemnify its officers and directors to the fullest extent allowed by law. The Authority shall indemnify any officer or director (or Trustees) who was or is a party or is threatened to be made a party to any proceeding by reason of the fact that such person is or was an officer and/or director (or Trustee) of The Authority, against expenses, judgments, fines, settlements and other amounts actually and reasonable incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interest of The Authority and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful.

2. The effective date of this Amendment is upon the date of final execution of this Amendment by all the parties hereto.
3. All other terms and conditions of the Agreement are unchanged.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized officers as set forth herein below.

Member: Tina Douglas

Date: 6-30-2014

By: 

Title: Asst. Superintendent Business Services
Westminster School District

BYLAWS

NORTHERN ORANGE COUNTY

LIABILITY & PROPERTY SELF-INSURANCE AUTHORITY

Revised December 1, 2012

q:/p&c/nocipa/jpadocuments/l&p bylaws

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BYLAWS

NORTHERN ORANGE COUNTY LIABILITY & PROPERTY SELF-INSURANCE AUTHORITY

PREAMBLE

Northern Orange County Liability & Property Self-Insurance Authority, (“The Authority”) is established for the purpose of providing the services and other items necessary and appropriate for the establishment, operation, and maintenance of a **Joint Program** for Liability & Property protection for the public agencies who are Members hereof, and to provide a forum for discussion, study, development, and implementation of recommendations of mutual interest regarding programs of Liability & Property coverage.

ARTICLE I

BOARD OF DIRECTORS

- A. A Board of Directors is hereby established to direct and control The Authority.
- B. Each Member of The Authority shall be entitled to a seat on the Board of Directors and shall appoint to the Board of Directors one representative and one alternate who shall be designated in writing. Said representative and said alternate must be an employee or authorized agent of the Member and shall serve at the pleasure of the Member by whom appointed. Only the designated representative or designated alternate may represent a Member. The designated representative and designated alternate may invite members of their agencies’ staff or consultants to attend meetings of the Board of Directors in an advisory capacity.
- C. Each Member shall have one vote, which may be cast only by the designated representative who is in physical attendance or the designated alternate who is in physical attendance if the designated representative is absent. No proxy or absentee votes shall be permitted. Except as otherwise provided by law, the Joint Exercise of Powers Agreement or in these Bylaws, a vote of the majority of the Board of Directors present, shall be sufficient to constitute action, provided that a quorum is present.
- D. The Board of Directors may conduct regular, adjourned regular, special, and adjourned special meetings, provided, however, that it will hold at least one meeting each fiscal year. The date, time, and place for each such meeting shall be fixed by the Board of Directors. All meetings of the Board of Directors shall be called, held, and conducted in accordance with the terms and provisions of the Ralph M. Brown Act (Sections 54950, et seq.) of the California Government Code, as said Act may be modified by subsequent legislation, and as the same may be augmented by rules of the Board of Directors not inconsistent therewith.

Except as otherwise provided or permitted by law, all meetings of the Board of Directors shall be open and public. The Board of Directors shall cause minutes of its meetings to be kept, and shall promptly transmit to the Members of The Authority true and correct copies of the minutes of such meetings.

- E. The Board of Directors shall designate a specific location at which it will receive notices, correspondence, and other communications and shall designate one of its Members as an officer for the purpose of receiving service on behalf of the Board of Directors. The Board of Directors shall comply with the provisions of Sections 6503.5 and 53051 of the California Government Code requiring the filing of a statement with the Secretary of State and with the County Clerk.
- F. The Board of Directors shall determine Contributions and the method by which Contributions will be paid to The Authority. Contributions shall be based upon the method as defined in the **Basis of Contribution** for the **Program Year** for which the Contribution was assessed. Final Contributions will be adjusted based on the final costs for the **Program Year**. The Board of Directors reserves the right to audit any or all Members. The Board of Directors shall also provide for additional assessments during the year, if necessary or appropriate. The Board of Directors shall ensure that a complete and accurate system of accounting of The Authority shall be maintained at all times consistent with established general accepted accounting principles and particularly those promulgated by the Government Accounting Standards Board as presently set forth or as subsequently expanded upon or modified.
- G. The Board of Directors may appoint and dissolve working committees from its active membership or contract for services of others in keeping with the Joint Exercise of Powers Agreement, these Bylaws and the Laws of the State of California.
- H. The Board of Directors shall have the power, authority and duty to authorize the course and scope of investigation, defense, settlement and payment of Liability & Property claims against Members of The Authority.
- I. The Board of Directors shall directly or by contract provide for services required to effectively implement all aspects of this **Joint Program**.

ARTICLE II

RULES OF THE BOARD OF DIRECTORS

- A. The Board of Directors may establish rules governing its own conduct and procedure and have such expressed or implied authority as is not inconsistent with or contrary to the laws of the State of California, or any other applicable law, these Bylaws, or the Joint Exercise of Powers Agreement.

- B. A quorum for the transaction of business by the Board of Directors shall be the majority of the Members of the Board of Directors. All actions of the Board of Directors require a majority vote of those present, unless otherwise specified in the Agreement of these Bylaws.
- C. No one serving on the Board of Directors shall receive any salary or compensation from The Authority.
- D. The Board of Directors may approve reimbursement for expenses incurred at its direction.
- E. All expenditures of funds shall be authorized by the Board of Directors.

ARTICLE III

OFFICERS

- A. The officers of The Authority shall be elected by a majority vote of the Board of Directors. Elections will be held annually during the June Board Meeting. Board Members may be nominated or volunteer to be nominated. The principal officers shall be a President, a Vice President, a Secretary/Treasurer, or a Secretary and a Treasurer and each shall serve a one-year term of office subject to a two-year maximum consecutive term limit. Any person elected or appointed as an officer may be removed at any time, by a vote of the Board of Directors. All vacancies arising may be filled at any time by a vote of the Board of Directors.
- B. The President shall be the Chief Executive Officer and shall have general supervision and direction of the business of The Authority, shall see that all orders and resolutions of the Board of Directors are carried into effect, and shall be a member of all committees appointed by the Board of Directors. The President shall have other powers and perform such other duties as may be prescribed from time to time by the Board of Directors.
- C. The Vice President shall have such powers and perform such duties as may be prescribed from time to time by the Board of Directors or the President. In the absence of the President, the Vice President shall be vested with all the powers and authorized to perform all the duties of the President.
- D. The Secretary shall record, or cause to be recorded, all votes and the minutes of all proceedings, shall give, or cause to be given, notice of all meetings of the Board of Directors when notice is required by law or these Bylaws, and shall have such other powers and perform such other duties as may be prescribed from time to time by the Board of Directors or the President.
- E. The Treasurer shall be the Chief Financial Officer of The Authority and shall assume the duties described in Sections 6505.1, 6505.5 and 6505.6 of the California Government Code, as follows:

1. Receive and receipt for all money of The Authority and place it in the treasury so designated by the Board of Directors to the credit of The Authority.
2. Be responsible upon his/her official bond for the safekeeping and disbursement of all money held by The Authority.
3. Pay, when due, out of money of The Authority so held, all sums payable by The Authority.
4. Verify and report in writing as of the first day of July, October, January and April of each year to the Board of Directors, and to the Members of The Authority, the amount of receipts since the last report, the amount paid out since the last report and the cash balance.
5. Custodian of The Authority property.
6. The Treasurer shall have such other powers and perform such other duties as may be prescribed from time to time by law or by the Board of Directors or the President.

ARTICLE IV

FINANCE

- A. The Authority shall operate on a fiscal year from July 1st through June 30th, or as otherwise determined and approved by the Board of Directors.
- B. The Board of Directors shall adopt, on or before May 30th, a Preliminary Budget estimating the amount of money that will be needed for the ensuing year. The Preliminary Budget claims expenditures shall be based upon a current year actuarial study of the programs provided by The Authority. On or before July 1st, a Tentative Budget is to be adopted. On or before September 1st, The Authority shall adopt a Final Budget that will conform with State and audit requirements. A copy of the Budget shall be transmitted to each of the participating Members.
- C. Each Member shall pay to The Authority each fiscal year the annual Contribution as adopted by the Board of Directors pursuant to Paragraph D of this Article. Contributions are due and payable on receipt of invoice and shall be considered past due 60 days from receipt of invoice and a penalty assessed on the unpaid amount at the current investment rate of the County Treasurer, or as otherwise determined by the Board of Directors.
- D. The annual Contributions, as adopted by the Board of Directors for each Member of The Authority, shall be determined no later than June 1st for each ensuing fiscal year as follows:

1. Member's share of The Authority's **Joint Program** as modified per Member's **Basis of Contribution**.
 2. Member's share of all other costs as determined by the Board of Directors.
- E. Each **Program Year** of The Authority shall operate separately from every other **Program Year** in regard to its assets and **Obligations**. Those assets and **Obligations** are pooled assets and **Obligations** of the Members who participate in each distinct and separate **Program Year**.
1. Should the total **Obligations** for a **Program Year** of The Authority exceed the total assets of that year, that year's Members may be assessed a Pro Rata Share of the additional Contribution required as approved by the Board of Directors. Late payment of additional Contributions are subject to late payment penalties as determined and approved by the Board of Directors.
 2. Any unanticipated non-claim expenditures, not incorporated into the current annual budget, will be assessed against the Members as determined by the Board of Directors. The assessment, if any, will be added to the Member's subsequent **Program Year's** Contribution.
 3. Should the total assets of a **Program Year** exceed the **Obligations** of that year, that year's Members may receive a Pro Rata Share return of Contribution as determined by an actuary or consultant and approved by the Board of Directors.
 4. The Authority's **Capital Target**, as adopted annually by May 1st by the Board of Directors, must be met before any assets may be returned to the Members, as in Paragraph E, 2 above. The Authority's **Capital Target** shall not be less than 100% of the current year's expenditure budget.
 5. All Contributions, **Obligations**, expenditures and disbursements of The Authority that can be separately and distinctly identified by **Program Year** shall be accounted for separately by each **Program Year**.
 6. **Joint Program** revenues, **Obligations** and expenses (such as interest income, auditor fees, travel and meeting expenses, etc.) that cannot be separately and distinctly identified to a specific **Program Year** shall be allocated to each **Program Year** in a logical and consistent manner, as determined by the Board of Directors.
- F. Any **Subrogation** recoveries received by The Authority, or its Members, shall be credited to the amounts paid by The Authority for the Member, with the remainder, if any, remitted to the Member and accounted for separately by each **Program Year**.

- G. A general fund shall be established and maintained to receive monies, pay operating expenses, hold reserves and pay claims of The Authority. The Authority shall accept and deposit in the general fund all monies received.

ARTICLE V

BASIS OF CONTRIBUTION

- A. The Board of Directors shall, by July 1st, distribute to Members the **Basis of Contribution** for the following **Program Year**.
- B. The **Basis of Contribution** shall be adopted by the Board of Directors and based upon discounted claims estimates with a minimum of a 70% discounted probability level. The level of probability may be changed annually based on a two-thirds (2/3) vote of all Members. However, the discounted probability level shall not be less than 50%.
- C. The **Basis of Contribution** shall consist of:
1. An actuarial retrospective cost allocation and Member prospective experience rating program.
 2. The rate foundations for program Contributions.
 3. The scope of protection, as stated in the Memorandum of Coverage, for Liability & Property claims.
 4. Other terms and conditions which the Board of Directors may consider necessary.

ARTICLE VI

ADMISSIONS PROTOCOL

An Admissions Protocol has been established to ensure the financial and administrative stability of the Northern Orange County Liability & Property Self-Insurance Authority.

Minimum guidelines for entrance are as follows:

1. Membership is limited to Orange County and adjacent counties.
2. Commitment to regular district participation by the designated representative in Board meetings and any other JPA functions is expected.

3. Any district seeking membership into the JPA should have a 5-year loss ratio that does not exceed the previous 5-year JPA average.
4. Any district seeking membership should represent no more than 20% of total ADA for the existing JPA.
5. Any district seeking JPA membership should apply by the last day of February for coverage effective the following July 1st, to allow an orderly JPA-review process.

ARTICLE VII

ACCOUNTS AND RECORDS

- A. The Treasurer is designated the depository for The Authority in compliance with California Government Code 6505.5 and 6505.6.
- B. The Authority is strictly accountable for all funds received and dispersed by it and, to that end, shall establish and maintain such funds and accounts as may be required by generally accepted accounting principles, or by any provision of law or any resolution of The Authority. Books and records of The Authority in the hands of the Treasurer shall be open to inspection at all reasonable times by representatives of the Members. The Authority as soon as practical after the close of each fiscal year shall give, or cause to be given, a complete written report of all financial activities for such fiscal year to each Member of The Authority.
- C. The Treasurer shall contract with a Certified Public Accountant to make an annual audit of the accounts, records, and financial affairs of The Authority. The minimum requirements of the audit shall be those prescribed by the State Controller for special districts under California Government Code 26909 and shall conform to generally accepted auditing standards and accounting principles.

When such an audit of accounts and reports is made by a Certified Public Accountant, a report thereof shall be filed as a public record with each of the Members of The Authority.

Such reports shall be filed within twelve (12) months of the end of the fiscal year under examination. Any costs of the audit, including contracts with, or employment of, Certified Public Accountants in making the audit(s) provided for herein, shall be appropriate administrative charges against the funds of The Authority.

ARTICLE VIII

RISK MANAGEMENT

The Board of Directors of The Authority shall agree to follow safe guidelines for risk management practices. Each of the Members hereby agrees to implement in its agency a minimum standard of risk management practices and to utilize the safety resources available through the self insured pools, which The Authority is a member of.

ARTICLE IX

WITHDRAWAL FROM OR TERMINATION OF MEMBERSHIP

- A. Any member may withdraw from its status as a member and party to the Joint Powers Agreement at the end of any fiscal year by notifying the Authority, in writing together with a copy of the Board resolution or meeting minutes authorizing such action, prior to December 31st of that fiscal year. If a member submits their provisional notice and subsequently decides to remain in the Authority, that member shall not be allowed to submit any type of withdrawal notice for at least two years.
- B. The Member filing the notice of withdrawal shall notify the Authority in writing, together with a copy of the Member's Board resolution or meeting minutes authorizing such action, sixty (60) days prior to the end of the **Program Year** as to its final decision to leave the Authority. Failure to comply with the notification requirements and subsequent departure from the Authority shall result in a surcharge of the former Member's final **Program Year** Contribution.
- C. The final notice of withdrawal is binding and irrevocable. Any member withdrawing from the Authority shall not be eligible to reapply for membership for a period of three (3) years.
- D. The incurred claims, incurred but not reported claims, and all Contributions of the withdrawing Member shall stay with The Authority. The withdrawing Member shall continue to participate in each of the **Program Years** for which they were a Member, per Article IV, Paragraph E, of these Bylaws. The allocation of assets and **Obligations** as per Article IV, Paragraph E, that were in effect for those years the withdrawing Member was a Member shall continue to stay in effect until those years are closed and clear of assets and/or **Obligations**.
- E. A Member may be involuntarily terminated from The Authority upon a two-thirds (2/3) vote of all Members. Involuntary termination shall have the effect of eliminating the party as a signatory of the Joint Exercise of Powers Agreement and as a Member of 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 written notice of involuntary termination is given. The responsibility and participation of an involuntarily terminated Member shall be the same as stated in Paragraph B of this article.

F. Grounds for involuntary termination include, but are not limited to, the following:

1. Failure to refusal to abide by the Agreement or Bylaws.
2. Failure or refusal of a Member to abide by an amendment which has been adopted by the Members of The Authority as provided in the Agreement or these Bylaws.
3. Failure or refusal to pay Contributions or assessments to The Authority as provided in the Agreement or Bylaws.
4. Failure to comply with risk management or safety programs implemented by the Board of Directors.
5. Failure of a Member to disclose a material fact to The Authority whereby said material fact constitutes fraud, misrepresentation or concealment for the purposes of obtaining coverage with The Authority.

ARTICLE X

DISPOSITION OF PROPERTY AND FUNDS

A. In the event of the dissolution of The Authority, the complete rescission, or other final termination of the Joint Exercise of Powers Agreement by all Members or other public agencies then a party to the Agreement, any property interest remaining in The Authority following a discharge of all **Obligations** shall be disposed of pursuant to a plan adopted by the Board of Directors, with the objective of returning to each Member or other agency which is then or was theretofore a party preceding the termination of the Agreement, a Pro Rata Share of each **Program Year's** equity to which each Member was a participant. The plan adopted by the Board of Directors shall include, but not be limited to, the following:

1. Claims outstanding against, and incurred but not reported to, The Authority shall be audited and calculated by an independent auditor and actuary selected by the Board of Directors for a determination of future liabilities for expenses and costs to bring these claims to a conclusion.
2. The current fair market value of The Authority's properties shall be determined by the Board of Directors. If a Member disagrees with the current fair value of The Authority's properties as determined by the Board of Directors, the current fair value of said properties shall be determined by an independent appraiser selected by the Board of Directors.

- B. If the Board of Directors determines a dividend or return of Contributions is to be declared, such dividend or return of Contribution shall be computed pursuant to Article IV, Paragraph E, of these Bylaws.

ARTICLE XI

INVESTMENT OF FUNDS

- A. The Board of Directors shall have the power to invest or cause to be invested in compliance with Section 6509.5 of the California Government Code, such funds as are not necessary for the immediate operation of The Authority in such securities as allowed by Section 53601 of the California Government Code.
- B. The level of cash to be retained for the actual operations of The Authority shall be determined by the Board of Directors.

ARTICLE XII

AMENDMENT

- A. Amendment to these Bylaws may be proposed by any Member of The Authority.
- B. All amendments to these Bylaws must be approved, after a first reading, by a two-thirds (2/3) vote of the Members present at a Board of Directors' meeting before the amendment shall become effective. Such amendments shall be binding upon all Members of The Authority. The effective date of any amendment will be on the first day of the month following adoption, unless otherwise stated.

ARTICLE XIII

SEVERABILITY

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

ARTICLE XIV

EFFECTIVE DATE

These Bylaws shall become effective upon the execution of the Joint Exercise of Powers Agreement.

ARTICLE XV

DEFINITIONS

- A. "Basis of Contribution" shall mean the method by which the Board of Directors computes the Members share of the costs of each Program Year of the Joint Program.
- B. "Capital Target" shall mean the excess by which the assets exceed the liabilities for all the Program Years measured at a point in time as determined by the Board of Directors.
- C. "Joint Program" shall mean the group purchasing of insurance or insurance or the setting aside of funds and reserves to pay for a self-insured retention or for losses not covered by insurance.
- D. "Obligations" shall mean to include, but not limited to, all payments required by law together with all Claim Liabilities and any other legal obligations incurred by the Authority pursuant to this Agreement and Bylaws.
- E. "Program Year" shall mean one year of the Joint Program separate from each and every other Program Year and shall operate on fiscal year from July 1st through June 30th, or as otherwise determined by the Board of Directors
- F. "Subrogation" shall mean the recovery of payments, which The Authority has made on behalf of a Member. Subrogation monies received are the property of The Authority and for the Basis of Contribution are credited to the account of the Member.

AMENDMENT NO. 1

This Amendment hereby amends the **BYLAWS** of the **Northern Orange County Liability & Property Self-Insurance Authority** (hereinafter referred to as “**The Authority**”).

1. The following is added to the BYLAWS under ARTICLE VIII RISK MANAGEMENT as follows:

The Authority shall indemnify its officers and directors to the fullest extent allowed by law. The Authority shall indemnify any officer or director (or Trustees) who was or is a party or is threatened to be made a party to any proceeding by reason of the fact that such person is or was an officer and/or director or Trustee of The Authority, against expenses, judgments, fines, settlements and other amounts actually and reasonable incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interest of The Authority and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful.

2. The effective date of this Amendment is upon the first day of the month following adoption, unless otherwise stated.
3. All other terms and conditions established in the BYLAWS are unchanged.

AMENDMENT NO. 2

This Amendment hereby amends the **BYLAWS** of the **Northern Orange County Liability & Property Self-Insurance Authority** (hereinafter referred to as “**The Authority**”).

1. The following is added to the BYLAWS under ARTICLE IX WITHDRAWAL FROM OR TERMINATION OF MEMBERSHIP as follows:

Upon the withdrawal of any Member, the Board of Directors shall establish a reserve account for that member in which any future return of contribution is placed for a period not less than five years after the return is declared. It will be at the discretion of the Board when any reserve account balance is to be returned to the withdrawn member.

2. The effective date of this Amendment is upon the first day of the month following adoption, unless otherwise stated.
3. All other terms and conditions established in the BYLAWS are unchanged.