JOINT POWERS AGREEMENT

CREATING THE

EMPLOYMENT RISK MANAGEMENT AUTHORITY

(ERMA)
# JOINT POWERS AGREEMENT

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EMPLOYMENT RISK MANAGEMENT AUTHORITY
(ERMA)

This Agreement is made by and among the public entities listed in Appendix A (Member Entities), all of which are public entities organized and operating under the laws of the State of California and each of which is a local public entity as defined in California Government Code Section 989, as it may be amended from time to time.

RECITALS

1. The following state laws, among others, authorize the Members to enter into this Agreement:
   A. Government Code Sections 989 and 990 permitting a local public entity to insure itself against liability and other losses;
   B. Government Code Section 990.4 permitting local public entity to provide insurance and self-insurance in any desired combination;
   C. Government Code Section 990.8 permitting two or more local entities to enter into an agreement to jointly fund such expenditures under the agency to Government Code Sections 6500-6515; and
   D. Government Code Sections 6500-6515 permitting two or more local public entities to jointly exercise under an agreement any power which is common to each of them.

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

NOW, THEREFORE, the undersigned, in consideration of the mutual benefits, promises and agreements set forth below, hereby agree as follows:
ARTICLE I

CREATION OF EMPLOYMENT RISK MANAGEMENT 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 authority, separate and apart from the parties hereto, to be known as the Employment Risk Management Authority, hereinafter referred to as ERMA. Pursuant to Government Code Section 6508.1, the debts, liabilities, and obligations of this Authority shall not constitute debts, liabilities, or obligations of the Member Entities.

ARTICLE II

PURPOSES

This Agreement is entered into by Members pursuant to the provisions of California Government Code Sections 990, 990.4, 990.8, and 6500, et seq., to:

A. Develop effective risk management programs to reduce the amount and frequency of their losses;

B. 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, litigation management, accounting services, actuarial services, legal services, and training and loss prevention services in connection with any of the Coverage Programs for said parties. These purposes shall be accomplished through the exercise of the powers of the Members jointly in the creation and operation of ERMA.

It is also the purpose of this Agreement to provide 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 ERMA, subject to Article XIX, to the extent permitted by law.

It is also the purpose of this Agreement to provide for the removal of Members for cause or upon request.

ARTICLE III
DEFINITIONS

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

A. "Agreement" shall mean the joint powers agreement creating the Employment Risk Management Authority.

B. "Alternate" shall mean the person designated by the Member to act as a director of ERMA in the absence of the Representative. The Alternate shall have the same responsibility, power and authority as the Representative.

C. "Assessment" shall mean an amount determined by the Board of Directors or Executive Committee to be paid by each Member as necessary to meet ERMA's obligations.

D. "ERMA" shall mean the Employment Risk Management Authority created by the Agreement.

E. "Board" or "Board of Directors" shall mean the governing body of ERMA composed of a representative of each Member.

F. "Coverage Programs" shall mean coverages provided directly by ERMA pursuant to a Memorandum of Coverage and/or provided by a purchased coverage.
G. "Deposit Premium" shall mean the annual dollar amount determined by the Board of Directors or Executive Committee which is payable by each Member as its established share of the funding required to cover the financial obligations of each Coverage Program in which the Member participates.

H. "Excess Insurance" shall mean that commercial insurance or reinsurance purchased by ERMA to cover losses in excess of ERMA's Coverage Program limits and/or each Member's Retained Limit.

I. "Master Program Document" shall mean the document that sets forth the operations, policies and procedures of a given Coverage Program.

J. "Member" shall mean any organization that is a party to the Agreement.

K. "Memorandum of Coverage" shall mean a document issued by ERMA to Members specifying the type, amount and conditions of coverage provided to each participant by ERMA.

L. "Program Year" shall mean a period of time determined by the Board or Executive Committee, usually 12 months, into which each Coverage Program shall be segregated for purposes of accounting and record-keeping.

M. "Representative" shall mean the person designated by the Member to act as a director of ERMA. The Representative shall have the authority to bind the Member on any and all matters relating to the business of ERMA.

N. "Retained Limit" shall mean the amount of a claim which the Member must pay or become liable for before ERMA, or any applicable purchased Coverage Program, is obligated to pay.
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 XIX. Each party to this Agreement also certifies that the deletion of any party from this Agreement shall not affect this Agreement or 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 when executed by five or more public entities with a combined payroll of $500,000,000, or 15,000 full-time equivalent employees, and shall continue in full force until terminated in accordance with Article XXIII.

ARTICLE VI  
POWERS OF ERMA

ERMA is authorized, in its own name, to do all acts necessary to fulfill the purposes of this Agreement as referred to in Article II, including, but not limited to:

A. Make and enter into contracts;

B. Incur debts, liabilities and obligations; but no debt, liability or obligation of ERMA is a debt, liability or obligation of any Member, except as otherwise provided by Articles XXII and XXIII;
C. Issue bonds or other instruments of indebtedness;

D. Acquire, hold or dispose of real and personal property;

E. Receive contributions and donations of property, funds, services and other forms of assistance from any source;

F. Sue and be sued in its own name;

G. Employ agents and employees;

H. Lease real or personal property, including that of a Member;

I. Receive, collect, invest and disburse monies;

J. Develop and administer Coverage Programs as the Board or Executive Committee may approve;

K. Undertake such other activities as may be necessary to carry out the purposes of this Agreement; and

L. To admit and expel Members.

These powers shall be exercised in the manner provided by applicable law and as expressly set forth in this Agreement. ERMA's powers are those which are common to all Members.
ARTICLE VII
MEMBERS’ POWERS AND RESPONSIBILITIES

A. POWERS
The Members shall have the following powers:

1. To approve the Agreement;

2. To appoint a Representative and Alternate to the Board of Directors; and

3. To decide if and when the Agreement should be terminated.

B. RESPONSIBILITIES
The Members shall have the following responsibilities:

1. To cooperate fully with ERMA in determining the cause of losses and in the settlement of claims, as defined in the Memorandum of Coverage;

2. To comply with the requirements of all ERMA training and policy, practice and procedure requirements;

3. To pay Deposit Premiums and any adjustments or Assessments thereto promptly to ERMA when due;

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

5. To cooperate with and assist ERMA and any insurer or reinsurer, claims adjuster, claims auditor, or legal counsel retained by ERMA in all matters relating to this Agreement;
Agreement and to comply with the Bylaws and all policies and procedures adopted by the Board or Executive Committee; and

6. To abide by all decisions of the Board or Executive Committee.

ARTICLE VIII
BOARD OF DIRECTORS

There shall be a Board of Directors to govern the affairs of ERMA. ERMA’s Board shall be comprised of a Representative from each Member. Said Representative, or Alternate, shall have authority to bind the Member on all matters pertaining to this Agreement.

The powers of the Board, unless otherwise delegated pursuant to the Bylaws, shall be all of the powers of ERMA not specifically reserved to the Members by this Agreement and shall include, but not be limited to, Article VI of this Agreement.

ARTICLE IX
EXECUTIVE COMMITTEE

The Board may create an Executive Committee comprised of members of the Board and delegate one or more of its powers to the Executive Committee except those powers not delegable. An appointment to the Executive Committee, if any, is by an election of the Board of Directors as addressed in the Bylaws.

ARTICLE X
ELECTION, APPOINTMENT AND DUTIES OF OFFICERS

The election, appointment and duties of officers shall be as set forth in the Bylaws.
ARTICLE XI
MEETINGS AND RECORDS

A. BOARD MEETINGS

The Board shall hold at least one regular meeting each fiscal year as defined in Article XII of this Agreement. The Board shall fix the date, hour and place at which each regular meeting is to be held in accordance with the Bylaws. Special meetings may be called and noticed in accordance with the Bylaws. Written notice of such special meetings shall be delivered to each representative of the Board at least twenty-four hours before such meeting.

Each meeting of 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).

B. RECORDS

The Secretary shall keep or have kept minutes of all regular, adjourned regular and special meetings of the Board. As soon as possible after each meeting, the Secretary shall forward a copy of the minutes to each representative of the Board.

ARTICLE XII
BYLAWS AND ADMINISTRATIVE POLICIES AND PROCEDURES

The Board or Executive Committee shall through resolution, adopt, rescind or amend Bylaws and administrative policies and procedures consistent with applicable law and this Agreement to govern the day-to-day operations of ERMA. Each representative and alternate shall receive a copy of any Bylaws, Master Program Document, and administrative policies and procedures developed under this Article.
The Secretary shall promptly send to each representative and alternate each Bylaw amendment, 
*Master Program Document* change, and administrative policy and procedure change after its 
adoption by the *Board* or Executive Committee.

**ARTICLE XIII**  
**FISCAL YEARS**

Fiscal years of *ERM*A shall begin on July 1 and end on June 30.

**ARTICLE XIV**  
**BUDGET**

The *Board* or Executive Committee shall adopt an annual budget prior to the beginning of each 
*Program Year*.

**ARTICLE XV**  
**FINANCIAL AUDITS**

The *Board of Directors* or Executive Committee shall cause a financial audit as set forth in the 
Bylaws. Such financial audit shall be filed as a public record with each of the *Members* and the State 
Controller as required by law. All costs of such financial audit shall be paid by *ERM*A and shall be 
charged against the *Members* in the same manner as other administrative costs.

**ARTICLE XVI**  
**ESTABLISHMENT AND ADMINISTRATION OF FUNDS**

*ERM*A 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 monies of ERMA may be invested in common. However, each Program Year shall be accounted for separately on a full accrual basis.

The Treasurer shall receive, invest and disburse funds only in accordance with the guidelines and procedures established by the Board or Executive Committee in its adopted investment policy which shall be in conformity with applicable law.

ARTICLE XVII

DEPOSIT PREMIUM

The Deposit Premium for each Member shall be calculated and paid as stated in the Bylaws and Master Program Document.

ARTICLE XVIII

ASSESSMENTS AND DIVIDENDS

Assessments and dividends for each Member shall be calculated as provided for in the Bylaws and the Master Program Document.

ARTICLE XIX

COVERAGE PROGRAMS

The Board or Executive Committee may adopt such Coverage Programs as it deems necessary to further the goals of its Members. All Coverage Programs shall be defined by a Memorandum(s) of Coverage; insurance policy(ies), or document(s) with a copy provided to each Member.
ARTICLE XX
NEW MEMBERS

Admission to *ERMA* requires approval of two-thirds of the *Board* or Executive Committee and is conditioned upon the applicant executing the *Agreement*. Membership shall become effective upon the date established by the *Board* or Executive Committee. Prospective *Members* may apply for participation in *ERMA* as provided for in the Bylaws and *Master Program Document*.

ARTICLE XXI
WITHDRAWAL

Any *Member* of *ERMA* may withdraw from its status as a *Member* and as a party to the *Agreement* only after participation for at least three full *Program Years*. The withdrawal may be effected only at the end of a fiscal year or at any other time which is agreed to by the *Board* or Executive Committee. Any withdrawing *Member* must notify *ERMA* in writing at least six (6) months prior to the end of the fiscal year that it intends to withdraw. A notice of withdrawal shall be final and irreversible upon its receipt by the Authority unless the *Board* or Executive Committee authorizes it to be rescinded by the *Member*.

The withdrawal of any *Member* shall not terminate its responsibility to contribute its share of *Deposit Premiums*, unpaid insurance or *Excess Insurance* premiums, surcharges, administration costs, claims (including unreported claims), or funds to any *Coverage Program* until all claims, or other unpaid liabilities, covering the period of participation by the *Member* in the *Coverage Program* have been finally resolved and a determination of the final amount of payments due by the *Member* or credits to the *Member* has been made by the *Board* or Executive Committee.

After withdrawal, the withdrawing *Member* shall continue to be responsible for any *Assessments* made for years of membership.
ARTICLE XXII
EXPULSION

ERMA may expel any Member, with or without cause, as a participant in any Coverage Program or as a Member of ERMA by a two-thirds vote of the Board or Executive Committee.

ARTICLE XXIII
EFFECT OF WITHDRAWAL OR EXPULSION

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

A. Cooperate fully with ERMA in determining the cause of the losses and in the defense or settlement of claims, as defined in the Memorandum of Coverage;

B. Pay any Assessments determined by the Board or Executive Committee to be due and payable for each Program Year in which it participated, as well as Assessments for continuing required services in subsequent years until all Program Years in which the Member participated have been closed;

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

D. Cooperate with and assist ERMA, any insurer, claims adjuster or legal counsel retained by ERMA, in all matters relating to this Agreement.
ARTICLE XXIV
TERMINATION AND DISTRIBUTION

This Agreement may be terminated any time during the first three years by the written consent of all Members, and thereafter by the written consent of two-thirds of the Members. However, this Agreement and ERMA shall continue to exist for the purpose of disposing of all claims, distributing assets and all other functions necessary to conclude the affairs of ERMA.

Upon termination of this Agreement, all assets of ERMA shall be distributed only among the Members that have been participants in the Coverage Programs, including any of those Members which previously withdrew pursuant to Articles XXI and XXII of this Agreement, in accordance with and proportionate to their Deposit Premiums and Assessments paid during the term of this Agreement. The Board or Executive Committee shall determine such distribution within six months after the last pending claim or loss covered by this Agreement has been finally resolved and there is a reasonable expectation that no new claims will be filed.

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

ARTICLE XXV
NOTICES

Notices to Members under this Agreement shall be sufficient if mailed to their respective addresses on file with ERMA. Notices to ERMA shall be sufficient if mailed to the address of ERMA as adopted by the Board or Executive Committee.
ARTICLE XXVI
PROHIBITION AGAINST ASSIGNMENT

No Member may assign any right, claim or interest it may have under this Agreement, and no creditor, assignee or third party beneficiary of any Member shall have any right, claim or title to any part, interest, funds, Deposit Premium or asset of ERMA.

ARTICLE XXVII
AMENDMENTS

This Agreement may be amended by written approval of two-thirds (2/3rds) of the Representatives. Upon signature of any amendment by two-thirds (2/3rds) of the Representatives, any Member failing or refusing to abide by such amendment may be expelled in accordance with the provisions of Article XXII.

ARTICLE XXVIII
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, conditions and provisions shall not be affected thereby.

ARTICLE XXIX
HOLD HARMLESS AND INDEMNIFICATION

Section 895.2 of the California Government Code imposes certain tort liability jointly upon entities solely by reason of such entities being parties to an agreement as defined in Section 895 of said Code. Therefore, the Members hereto, as between themselves, pursuant to the authorization contained in Sections 895.4 and 895.6 of the California Government Code, each assumes the full
liability imposed upon it or any of its officers, agents, or employees by law for injuries caused by a
negligent or wrongful act or omission occurring in the performance of this Agreement to the same
extent that such liability would be imposed in the absence of Section 895.2 of said Code. To achieve
this purpose, each Member indemnifies and holds harmless all other Members for any loss, cost, or
expense that may be imposed upon such other Member when solely by virtue of Section 895.2 of the
California Code. No Member shall be jointly and severally liable for any debts or obligations of
ERMA or any other Member.

ARTICLE XXX

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.

ARTICLE XXXI

EXECUTION OF COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which when so executed
shall be deemed to be an original, but altogether shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the parties hereto have executed the Joint Powers Agreement for the
pooling of self-insurance as of the _____ day of _____, _____.

Joint Powers Authority or Individual Entity: __________________________

By: __________________________
    President or Duly Authorized Official

By: __________________________
    Secretary or Clerk
APPENDIX A

MEMBER ENTITIES

1. Bay Cities Joint Powers Insurance Authority
2. Contra Costa County Municipal Risk Management Insurance Authority
3. California Housing Authority Risk Management Agency
4. Central San Joaquin Valley Risk Management Authority
5. Public Agency Risk Sharing Authority of California
6. Small Cities Organized Risk Effort
7. Vector Control Joint Powers Agency
8. City of Vacaville