



AGENDA

LEGEND: A - Action may be taken
I - Information
1 - Included
2 - Handout
3 - Separate
4 - Verbal

JPA: ACCEL FINANCE COMMITTEE MEETING

DATE/TIME: Monday, December 8, 2025 at 10:00 AM

LOCATION: Teleconference

Link: <https://alliantinsurance.zoom.us/j/92953723411?pwd=EaVp9aavjwWpnbFIARtZSL0lu4RUay.1>

Meeting ID: 929 5372 3411

Passcode: 522827

Dial: (669) 900 6833

In accordance with the requirements of the Brown Act, notice of this meeting must be posted in publicly accessible places, 72 hours in advance of the meeting, at the office of ACCEL's Secretary.

Per Government Code section 54954.2, persons requesting disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact Alliant Insurance Services at (415) 403-1400, 24 hours in advance of the meeting. Access to some buildings may require routine provision of identification to building security. However, ACCEL does not require any member of the public to register his or her name, or to provide other information, as a condition to attendance at any public meeting and will not inquire of building security concerning information so provided. See Government Code section 54953.3.

- MEMBER** • **City of Monterey**, 735 Pacific Street, Suite A, Monterey, CA 93940
LOCATIONS • **City of Ontario**, 200 North Cherry Avenue, Ontario, CA 91764
VIA TELE - • **City of Santa Monica**, 1685 Main Street, Room 131, Santa Monica, CA 90401
CONFERENCE • **City of Visalia**, 220 North Santa Fe Street, Visalia, CA 93292

PAGE

- A. CALL TO ORDER**
- B. CONSENT CALENDAR** (A)
2-4 1. Approval of Minutes for the October 16, 2025 Finance Committee Meeting
Members will review this item and may take action to approve or amend.
- C. REPORTS**
- 1. FINANCE COMMITTEE**
- 5-22 a) Financial Auditor RFP (A)
The Committee will discuss the draft RFP for Financial Auditor Services. Action may be taken to issue the RFP as drafted or direction given.
- 23-58 b) Late Payments of Premium (A)
The Committee will discuss the drafted proposed language addressing late payments of premium. Action may be taken to make a recommendation to the Board or direction given.
- D. PUBLIC COMMENTS** (I)
4 *The public is invited at this point to address the Committee on issues of interest to them.*

ADJOURNMENT



**MINUTES OF THE
ACCEL FINANCE COMMITTEE
MEETING**

**Item No. B.1
Finance Committee
December 8, 2025**

Thursday, October 16, 2025 at 10:00 AM

**LOCATION:
Casa Las Palmas
323 East Cabrillo Blvd.
Santa Barbara, CA 93103**

MEMBERS PRESENT:

Rafaela King, City of Monterey
Marisa Kahn, City of Santa Barbara Alternate
Oles Gordeev, City of Santa Monica
Andrew Guzman, City of Visalia

MEMBERS ABSENT: Marquie Lugo, City of Ontario Alternate

GUESTS AND CONSULTANTS:

Conor Boughey, Alliant Insurance Services
Lorissa Huey, Alliant Insurance Services
Thomas Joyce, Alliant Insurance Services

A. CALL TO ORDER

Oles Gordeev called the meeting to order at 10:05am.

B. CONSENT CALENDAR

B1. Approval of Minutes for the September 23, 2025 Finance Committee Meeting

A motion was made to approve the consent calendar.

MOTION: Rafaela King **SECOND:** Marisa Kahn **MOTION CARRIED**



C. REPORTS

C1. FINANCE COMMITTEE

C1a. IBNR Update Report Timing

Thomas Joyce discussed the results of the Program Administrator’s discussion with ACCEL’s actuary regarding the timing of ACCEL’s actuarial report and IBNR update with the Committee. The Committee agreed that the current schedule allowed for possible significant changes to reserves and IBNR that could affect year-end financials right at the end of the program year.

A motion was made to provide a recommendation to the Board to change the timing of the actuary’s IBNR update from the June Board Meeting to the October Board Meeting, and to have the Program Administrators amend the Financial Plan to specify these dates.

MOTION: Andrew Guzman **SECOND:** Rafaela King **MOTION CARRIED**

	Rafaela King	Marquie Lugo	Marisa Kahn	Oles Gordeev	Andrew Guzman
Aye	X		X	X	X
Nay					
Abstain					

C1b. Retrospective Rating Plan Calculation Inputs Deadlines

Thomas Joyce walked through the proposed changes to RPC inputs deadlines, noting that ACCEL’s Financial Plan is currently silent on update deadlines to IBNR and Reserves. The Committee discussed the pros and cons of potential inputs deadline dates.

A motion was made to recommend the Board adopt a 12/31 deadline for IBNR updates and a May 1 deadline for updates to reserves. The Financial Plan will be updated to reflect these changes.

MOTION: Andrew Guzman **SECOND:** Marisa Kahn **MOTION CARRIED**

	Rafaela King	Marquie Lugo	Marisa Kahn	Oles Gordeev	Andrew Guzman
Aye	X		X	X	X
Nay					
Abstain					



C1c. Late Payments of Premium

Conor Boughey presented the potential issues of late payment of premiums and the effects that these could have on ACCEL’s insurance coverage. The Committee discussed potential penalties at length with the goal of deterring the late payment of premiums.

A motion was made to recommend the Board adopt the following changes:

Invoices will be issued with a 30-day due date. After this initial 30 days expires, a new 30 day window will open at which an administrative fee of the amount of LAIF+10% will be applied to the total amount of the member’s share of the ACCEL deposit and excess premium payments and this language will appear on the invoices. After the expiration of this 30-day window, a Notice of Cancellation will be issued to the Member. The Program Administrators will work with ACCEL’s coverage counsel to draft language in ACCEL’s governing documents for the potential to bill delinquent members for the excess insurance portion of the premium as well as potentially using the member’s funds on account for these payments.

MOTION: Oles Gordeev **SECOND:** Andrew Guzman **MOTION CARRIED**

	Rafaela King	Marquie Lugo	Marisa Kahn	Oles Gordeev	Andrew Guzman
Aye	X		X	X	X
Nay					
Abstain					

D. PUBLIC COMMENTS

There were no public comments.

ADJOURNMENT

Oles Gordeev adjourned the meeting at 11:11am.



Item No. C.1.a
Finance Committee
December 8, 2025

FINANCIAL AUDITOR REQUEST FOR PROPOSAL (RFP)

ISSUE: The Board took action at the October 2025 Board Meeting to issue a Financial Auditor Request for Proposal (RFP). Also, the Board delegated to the Finance Committee to oversee the RFP process. The Program Administrators have provided a draft of the RFP and solicited from the Members additional Financial Audit firms.

The Admin team will request that the RFP be posted on the PARMA, CAJPA, and AGRIP, and websites. The RFP will also be published on the ACCEL website.

RECOMMENDATION: It is recommended that the Committee review the draft RFP and provide feedback if any. Action may be taken to make amendments or accept as final. Further direction may be given.

Additional Consideration

In favor: The Committee accepts the RFP draft as final. Once approved, the Program Administrators will send out the RFP to the list of firms according to the timeline below outlined in the background section.

Against: Upon Committee review, if any questions, edits or comments, the Committee may vote to instruct the Program Administrators to amend the RFP prior to sending to the list of firms.

FISCAL IMPACT: The fiscal impact cannot be determined at this time.

BACKGROUND: Crowe LLP has been ACCEL's Financial Auditor since 2009, and the oversight of the Financial Auditor Contract falls under the Finance Committee's purview. If an RFP is authorized by the Board, the Finance Committee can be delegated authority to work on the RFP template that includes next steps and timeline, or the Finance Committee Chair/Treasurer may also work directly with the Program Administrators.

The Board met on October 12, 2023, and made a motion to renew the contract with Crowe LLP for the financial audit for two years ending in June 30, 2024 and 2025. Also, at that meeting a Board Member commented that it is best practice to issue a RFP every five years.

At the Finance Committee meeting on September 4, 2024, the Committee discussed this and agreed to wait on issuing an RFP until the audit for the year ending June 30, 2026, since Crowe



Authority for California Cities Excess Liability

c/o Alliant Insurance Services, Inc.
 Corporation Insurance License No. 0C36861
 560 Mission Street, 6th Floor, San Francisco, CA 94105



has already submitted a proposal for the June 30, 2025 audit. The Board agreed to conduct a Request for Proposal (RFP) for audit years June 30, 2026.

The Finance Committee met on September 4, 2025 and reviewed the following RFP timeline. Also, the Board reviewed this at the October 2025 Board Meeting.

Timetable	
Issuance of the Request for Proposal.	December 15, 2025
Questions in writing due to Program Administrators by	5:00 p.m. on January 16, 2026
Program Administrators' responses due.	January 23, 2026
Proposals due by	5:00 p.m. on February 9, 2026
Review proposals.	February 2026
Interview of firms, if necessary. Recommendation made by Finance Committee.	Orals, if necessary, week of March 2, 2026
Selection of firm.	March 19 & 20, 2026 BOD

ATTACHMENT: Draft Financial Auditor RFP

REQUEST FOR PROPOSALS

FOR

INDEPENDENT FINANCIAL AUDIT SERVICES

FOR

Authority for California Cities Excess Liability
(ACCEL)

RETURN PROPOSALS TO:

Lorissa Huey – Lorissa.Huey@alliant.com

Conor Boughey – cboughey@alliant.com

Thomas Joyce – Thomas.joyce@alliant.com

ACCEL Program Administrators

ISSUE DATE: **DECEMBER 15, 2025**

RESPONSES DUE: **FEBRUARY 9, 2026 AT 5 P.M.**

**REQUEST FOR PROPOSALS FOR
INDEPENDENT FINANCIAL AUDIT SERVICES FOR
Authority for California Cities Excess Liability (ACCEL)**

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PURPOSE

ACCEL is soliciting proposals from qualified auditors to provide financial audit services for the JPA fiscal years ended June 30, 2026, 2027, 2028, 2029 and 2030.

DESCRIPTION OF THE JOINT POWERS AUTHORITY

The Authority for California Cities Excess Liability was founded in 1986 to provide California cities with a risk financing vehicle for catastrophic losses. ACCEL has thirteen member cities throughout California. ACCEL operates a liability risk pooling program which is subject to an annual independent financial audit, claims audit, and actuarial study. ACCEL allows optional participation in an excess workers' compensation program that involves no shared risk, ACCEL serves as a conduit to jointly purchase coverage. The members of ACCEL are: the City of Anaheim, the City of Bakersfield, the City of Burbank, the City of Modesto, the City of Monterey, the City of Mountain View, the City of Ontario, the City of Palo Alto, the City of Salinas, the City of Santa Barbara, the City of Santa Cruz, the City of Santa Monica, and the City of Visalia.

ACCEL is governed by a thirteen-member Board of Directors. Each member agency appoints a representative to the Board of Directors. The Executive Committee appoints members to its three standing committees (Underwriting, Finance, and Claims). The Underwriting Committee is chaired by the Vice-President, the Finance Committee is chaired by the Treasurer, and the appointed members of the Claims Committee elect its Chair. Ad hoc Committees may be appointed by the President.

For the 2025/26 fiscal year, ACCEL pooled the \$9,000,000 excess of a \$1,000,000 Member Retention. ACCEL charged its members at the 90% confidence level, which is \$1.66 dollars per one-hundred dollars of payroll for the ACCEL self-funded layer of \$4,000,000 excess \$1,000,000 and 80% confidence level, which is \$0.58 dollars per one-hundred dollars of payroll for the \$5,000,000 excess \$5,000,000 ACCEL self-funded layer. All members purchased excess insurance limits to a total amount of \$62,500,000. Members were charged Administrative costs totaling \$910,959. While all members purchased excess insurance for total limits of \$62,500,000, several members chose to purchase an additional \$2,500,000 xs \$62,500,000. These members were: the City of Anaheim, the City of Bakersfield, the City of Burbank, the City of Modesto, the City of Mountain View, the City of Ontario, the City of Palo Alto, the City of Santa Barbara, the City of Santa Monica, and the City of Visalia.

ACCEL's day-to-day operations are administered by Alliant Insurance Services, Inc. (Alliant). Alliant is contracted by ACCEL to provide accounting, risk consulting, insurance brokerage and program administration services. Alliant's responsibility also includes the administration of policies and procedures as set forth by the ACCEL Joint Powers Authority (JPA) Agreement, Bylaws, and by the Board of Directors. ACCEL's accounting is completed by the Alliant staff using QuickBooks.

ACCEL invoices its members annually for the liability and ancillary program contributions.

Auditors are requested to submit a proposal to provide ACCEL with audit services for an initial three year engagement. If ACCEL is satisfied with the services received it is the intention of ACCEL to then extend the services for an additional two years.

SCOPE OF SERVICES

- A. The audit shall be made in accordance with *Auditing Standards generally accepted in the United States of America* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. *These standards include generally accepted auditing standards as adopted by membership of the American Institute of Certified Public Accountants (AICPA)*, and the State Controller's *Minimum Audit Requirements and Reporting Guidelines for California Special Districts*. The audit shall be made in accordance with generally accepted governmental auditing procedures prescribed by the AICPA and the Industry Audit Guide-Audit of State and Local Governmental Units and the appropriate sections of the Governmental Accounting Standards Board's Statements.

Auditors are expected to be knowledgeable of this program and have the experience to assist the JPA in achieving this reporting standard. Apply appropriate audit procedures to all required and other supplemental information including the combining financial statements, all individual fund financial statements, reconciliations of unpaid claim liabilities and loss development schedules and present an opinion regarding the fair presentation of all supplemental information "in relation to" the financial statements taken as a whole. Conduct an assessment of the JPA's internal controls. Obtain an understanding of the JPA's systems for internal controls sufficient to plan the audit by performing procedures to understand the design of controls relevant to an audit of financial statements, and whether they have been placed in operation. Prepare a written report with any recommendations regarding the auditor's assessment of the internal control structure and control risk including the control environment, risk assessments, control activities, information and communication, and monitoring. Perform tests of compliance with appropriate laws and regulation. Prepare a written report regarding any material findings resulting from the auditor's test of compliance with applicable laws and regulations. Present discussion drafts of the auditor's reports at an exit conference with appropriate JPA personnel. The purpose of this conference is to sustain effective auditor-client communication and provide a check against misunderstandings. Final draft of the Auditor's Opinion letter, Report on Internal Controls, Letter to Management, and any other required communications should be presented per the schedule outlined below.

Working Papers - the auditor shall retain working papers for a period of three (3) years, unless otherwise specified by the JPA. Such working papers shall be available for review and audit by the JPA, representatives of Federal, State and/or County Governments and other individuals designated by the JPA.

- B. The audit shall include a Report on Compliance and on Internal Controls over Financial Reporting in accordance with *Government Auditing Standards*.
- C. Additionally, ACCEL requires:
- As summarized under GASB 40
 - An evaluation of the credit risk;
 - An evaluation of investments;
 - Statement of unpaid claims and claims adjustment expenses;
 - Evaluation of liabilities;
 - Ten year claims development triangle for the liability program with premiums,

investments, claims and expenses compared to net paid and incurred claims at year end for the past ten years;

- Statement of Net Assets by Member, Shared Risk Layer and Administration;
 - Statement of Revenues, Expenditures, and changes in net assets by Member, Shared Risk Layer and Administration;
- D. The auditor shall prepare a management letter, if necessary, with statements, observations, opinions, comments, or recommendations with regards to the financial statements of ACCEL and its system of internal controls.
- E. The first annual auditor's report must be completed and delivered to ACCEL in DRAFT form no later than October 1st and in the FINAL format not later than the October Board Meeting Date following the end of the year being audited. Dates for subsequent year's audits will be determined annually. The auditors shall provide electronic (PDF) version of the audit report, and printed bound copies if requested.
- F. The auditor will attend two ACCEL Finance Committee meetings. One prior to the audit engagement to confirm the audit process, and a second meeting after the audit review to outline the Draft audit results to the Committee prior to Board presentation. The auditor will present the audit report to the Board of Directors annually at its October meeting. For each of these meetings the Auditor may present remotely.

SCOPE OF PROPOSAL

Proposers shall submit proposals to provide the information requested in this section. Additional information may be provided.

- A. **Organization:** A brief description of your firm. Please include the name of the individual to contact for further information, size of your firm, as well as a summary of similar work or audits performed by your firm in the immediate past two years. Please also include at least three references.
- B. **Personnel:** A description of the qualification of all professional personnel who will be assigned to conduct the audit for ACCEL. Please include a brief resume of each professional and a summary of similar work of audits performed.
- C. **Methodology:** A description of your overall approach to the audit, including the work plan, specific techniques that will be used, specific administrative and operational management expertise, and auditing principles/standards that will be employed. Please provide a statement of assurance that the timeliness of the audit reports can be achieved.
- D. **Conflict of Interest:** Disclosure of any past or current business or other relationship with ACCEL or any of its members that may have an impact upon the outcome of the audit. Include a listing of any current clients that may have a financial interest in the outcome of the audit.
- E. **Cost:** Disclose the total contract bid price or cost your firm is proposing to ACCEL.

The total cost must be an exact amount. The cost must be detailed as to classes of personnel to be used in the audit and include the estimated number of hours and cost for each class. Other costs including travel and out-of-pocket costs may also be included. The bid price must be submitted in the following format:

Auditor Classification/Name	Hours	Rate	Total Cost
Travel and other out-of-pocket costs			
Total First Year Fee			

We agree to perform the audit specified at a total cost not to exceed:

\$ _____ For the fiscal year ending June 30, 2026

\$ _____ For the fiscal year ending June 30, 2027

\$ _____ For the fiscal year ending June 30, 2028

\$ _____ For the fiscal year ending June 30, 2029

\$ _____ For the fiscal year ending June 30, 2030

If there are cost considerations for in-person vs. virtual presentations to the ACCEL Board at the October Board Meeting, please note these as well.

INSURANCE REQUIREMENTS

Proposers shall procure and maintain, during the entire term of the agreement, insurance pertaining to the activities associated with the agreement. Proposers will be required to obtain, at their own cost and expense, all insurance required in Appendix C. Proposers shall provide evidence of such insurance and endorsements to ACCEL prior to commencing work.

EVALUATION CRITERIA

1. Qualifications
2. Staffing and Project Organization
3. Fee

SELECTION PROCESS

Upon receipt of the proposal, ACCEL staff will review each firm's response. Proposals will be reviewed and considered by the ACCEL Finance Committee. The Committee may elect to conduct interviews to further assist in the review process.

ACCEL reserves the right to award the contract to the auditor at its discretion depending upon multiple areas of criteria. Once selected, ACCEL will enter into contract negotiations with the selected firm, as determined by ACCEL at its sole discretion.

Failure to properly address all the items set forth above may disqualify the prospective auditor's proposal. ACCEL reserves the right to reject any and all proposals, to waive any informality, defect or irregularity in a proposal, to conduct contract negotiations with any firm (whether or not it has submitted a proposal), to alter the selection process in any way, to postpone the selection process for its own convenience at any time, to accept or reject any individual sub-consultant that a candidate firm proposes to use, and/or to decide whether or not to contract with any firm at its sole discretion. Nothing in this Request for Proposal shall be construed to obligate ACCEL to negotiate or enter into a contract with any particular firm. This Request for Proposal shall not be deemed to be an offer to contract or to enter into a binding contract or agreement of any kind.

SUBMISSION DEADLINE

All proposals must be received by e-mail to Lorissa Huey, Lorissa.Huey@alliant.com, with c.c. to Conor Boughey, cboughey@alliant.com and Thomas Joyce, Thomas.joyce@alliant.com by 5:00 p.m. on February 9, 2026. Late proposals will be rejected.

Questions concerning this Request for Proposal should be addressed to:

Lorissa Huey
Account Executive
ACCEL Program Administrator
Alliant Insurance Services, Inc.
(415) 403-1467
lorissa.huey@alliant.com

Conor Boughey
Senior Vice President
ACCEL Program Administrator
Alliant Insurance Services, Inc.
(415) 744-4889
cboughey@alliant.com

Thomas Joyce
Assistant Vice President
ACCEL Program Administrator
Alliant Insurance Services, Inc.
(925) 315-1720
thomas.joyce@alliant.com

SELECTION TIME TABLE

DATES	ITEMS
December 15, 2025	Issuance of the Request for Proposal.
January 16, 2026	Questions in writing due to Program Administrators by 5:00 p.m.
January 23, 2026	Program Administrators' responses due.
February 9, 2026	Proposals due by 5:00 p.m.
February, 2026	Review proposals.
February - March, 2026	Interview of firms, if necessary. Recommendation made by Finance Committee or Ad Hoc Committee.
March 19/20, 2026	Selection of firm.

ACCEL reserves the right to cancel and/or modify the above dates at any time or to make a dual appointment.

APPENDICES

- A. Auditor Distribution List
- B. ACCEL Member List
- C. Insurance Requirements
- D. ACCEL Most Recent Audit Report

APPENDIX A
AUDITOR DISTRIBUTION LIST

Crowe LLP, Joe Pieksza
62 Memorial Road, Suite 100
West Hartford, CT 06107
(860) 678-9200
Joseph.Pieksza@crowe.com

James Marta and Company, Jim Marta
701 Howe Avenue, Suite E3
Sacramento, CA 95825
(916) 993-9494
jmarta@jpmcpa.com

Moss, Levy & Hartzheim LLP
5800 Hannum Avenue, Suite E
Culver City, CA 90230
(310) 670-2745
chartzheim@mlhcpas.com

MGO, LLP
2121 North California Blvd., Suite 750
Walnut Creek, CA 94596
blau@mgocpa.com

Cliffton Larson Allen (CLA) LLP
1925 Century Park E 16th Floor
Los Angeles, CA 90067
(714) 795-5483
Joe.ludin@claconnect.com

Maze & Associates, Katherine Yuen / Amy Meyer
3478 Buskirk Avenue, Suite 217
Pleasant Hill, CA 94523
(925) 228-2800
Katheriney@mazeassociates.com / amym@mazeassociates.com

Gilbert Associates, INC.
2880 Gateway Oaks Drive, Suite 100
Sacramento, CA 95833
(916) 646-6464
bgreen@gilbertcpa.com

Eide Bailly
2151 River Plaza Dr., Suite. 308
Sacramento, CA 95833
(916) 570-1880
Jodi L. Daugherty
jdaugherty@eidebailly.com

Badawi & Associates
2855 Telegraph Avenue, Suite 312
Berkeley, CA 94705
(510) 768-8251
Ahmed Badawi
abadawi@b-acpa.com

The Pun Group
200 E. Sandpointe Avenue, Suite 600
Santa Ana, CA 92707
(949) 777-8800
Ken Pun
Ken.Pun@PunGroup.com

APPENDIX B

ACCEL MEMBER LIST

1. City of Anaheim
2. City of Bakersfield
3. City of Burbank
4. City of Modesto
5. City of Monterey
6. City of Mountain View
7. City of Ontario
8. City of Palo Alto
9. City of Salinas
10. City of Santa Barbara
11. City of Santa Cruz
12. City of Santa Monica
13. City of Visalia

APPENDIX C

Insurance Requirements for Professional Services

Consultant shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Consultant, its agents, representatives, or employees.

MINIMUM SCOPE AND LIMIT OF INSURANCE

Coverage shall be at least as broad as:

1. **Commercial General Liability (CGL):** Insurance Services Office Form CG 00 01 covering CGL on an “occurrence” basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than **\$2,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.
2. **Automobile Liability:** Insurance Services Office Form Number CA 0001 covering, Code 1 (any auto), or if Consultant has no owned autos, Code 8 (hired) and 9 (non-owned), with limit no less than **\$1,000,000** per accident for bodily injury and property damage.
3. **Workers’ Compensation** insurance as required by the State of California, with Statutory Limits, and Employer’s Liability Insurance with limit of no less than **\$1,000,000** per accident for bodily injury or disease.
(Not required if consultant provides written verification it has no employees)
4. **Professional Liability** (Errors and Omissions) Insurance appropriate to the Consultant’s profession, with limit no less than **\$2,000,000** per occurrence or claim, **\$2,000,000** aggregate.

If the Consultant maintains broader coverage and/or higher limits than the minimums shown above, the Entity requires and shall be entitled to the broader coverage and/or the higher limits maintained by the contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the Entity.

Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Status

The Entity, its officers, officials, employees, and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Contractor’s insurance (at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of **both** CG 20 10, CG 20 26, CG 20 33, or CG 20 38; **and** CG 20 37 if a later edition is used).

Primary Coverage

For any claims related to this contract, the **Contractor’s insurance coverage shall be primary and non-contributory** and at least as broad as ISO CG 20 01 04 13 as respects the Entity, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the Entity, its officers, officials, employees, or volunteers shall be excess of the Contractor’s insurance

and shall not contribute with it. This requirement shall also apply to any Excess or Umbrella liability policies.

Umbrella or Excess Policy

The Contractor may use Umbrella or Excess Policies to provide the liability limits as required in this agreement. This form of insurance will be acceptable provided that all of the Primary and Umbrella or Excess Policies shall provide all of the insurance coverages herein required, including, but not limited to, primary and non-contributory, additional insured, Self-Insured Retentions (SIRs), indemnity, and defense requirements. The Umbrella or Excess policies shall be provided on a true “following form” or broader coverage basis, with coverage at least as broad as provided on the underlying Commercial General Liability insurance. No insurance policies maintained by the Additional Insureds, whether primary or excess, and which also apply to a loss covered hereunder, shall be called upon to contribute to a loss until the Contractor’s primary and excess liability policies are exhausted.

NOTE to Agencies: Please see the section on The Myth of “Following Form” Excess Limits Insurance Policies in chapter 2 for additional explanatory information on this very common Excess policy problem that needs to be verified and corrected.

Notice of Cancellation

Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to the Entity.

Waiver of Subrogation

Contractor hereby grants to Entity a waiver of any right to subrogation which any insurer of said Contractor may acquire against the Entity by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the Entity has received a waiver of subrogation endorsement from the insurer.

Self-Insured Retentions

Self-insured retentions must be declared to and approved by the Entity. The Entity may require the Contractor to purchase coverage with a lower retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or Entity. The CGL and any policies, including Excess liability policies, may not be subject to a self-insured retention (SIR) or deductible that exceeds \$25,000 [fill in the amount for your comfort level for the specific Contractor and job – it could be much higher, or in the case of a very small Contractor, you might want it lower] unless approved in writing by Entity. Any and all deductibles and SIRs shall be the sole responsibility of Contractor or subcontractor who procured such insurance and shall not apply to the Indemnified Additional Insured Parties. Entity may deduct from any amounts otherwise due Contractor to fund the SIR/deductible. Policies shall NOT contain any self-insured retention (SIR) provision that limits the satisfaction of the SIR to the Named. The policy must also provide that Defense costs, including the Allocated Loss Adjustment Expenses, will satisfy the SIR or deductible. Entity reserves the right to obtain a copy of any policies and endorsements for verification.

NOTE to Agencies: If the SIR is not paid, there is NO COVERAGE for the Insured or you as the Additional Insured or Indemnified Party. Since there is usually a requirement in the SIR provisions on the Contractor’s policy that the Named Insured Contractor (not the Agency as an Additional Insured) is the only party allowed to make the payment of the SIR in order to trigger coverage, it is necessary to include the Contract provision requirement above

Acceptability of Insurers

Insurance is to be placed with insurers authorized to conduct business in the state with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the Entity.

Claims Made Policies (note – should be applicable only to professional liability, see below)

If any of the required policies provide claims-made coverage:

1. The Retroactive Date must be shown, and must be before the date of the contract or the beginning of contract work.
2. Insurance must be maintained and evidence of insurance must be provided ***for at least five (5) years after completion of the contract of work.***
3. If coverage is canceled or non-renewed, and not replaced ***with another claims-made policy form with a Retroactive Date prior to*** the contract effective date, the Contractor must purchase "extended reporting" coverage for a minimum of ***five (5) years*** after completion of work.

Verification of Coverage

Contractor shall furnish the Entity with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause **and a copy of the Declarations and Endorsements Pages of the CGL and any Excess policies listing all policy endorsements.** All certificates and endorsements and copies of the Declarations & Endorsements pages are to be received and approved by the Entity before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Contractor's obligation to provide them. The Entity reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time. Entity reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

Subcontractors

Consultant shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Contractor shall ensure that Entity is an additional insured on insurance required from subcontractors.

Duration of Coverage

CGL & Excess liability policies **for any construction related work, including, but not limited to, maintenance, service, or repair work,** shall continue coverage for a minimum of 5 years for Completed Operations liability coverage. Such Insurance must be maintained and evidence of insurance must be provided ***for at least five (5) years after completion of the contract of work.***

Special Risks or Circumstances

Entity reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

APPENDIX D

ACCEL MOST RECENT AUDIT REPORT

PLEASE SEE SEPARATE REPORT PROVIDED WITH THIS RFP.



Item No. C.1.b
Finance Committee
December 8, 2025

LATE PAYMENTS OF PREMIUM

ISSUE: Excess liability premiums have become a substantial dollar amount, and some members may have issues paying in full promptly. Issues may arise in the future where a Member is unable to meet their 7/1 premium obligations, which would put an additional burden on the other Member's of ACCEL. Premium payments are traditionally due net 30 once the invoice has been sent. Traditional insurance companies typically allow for premiums to be financed, but ACCEL is a not a traditional insurance company and has no financing option.

At the June 2025 Board Meeting, a potential issue arose in which a Member City may have been unable to pay their 7/1/25-26 premiums promptly. The Member ended up being able to make the premium payment, but the potential for future issues still exists.

The Finance Committee met on October 16, 2025 and discussed how future similar situations will be handled. During the meeting, the Committee discussed a potential 30 day grace period, after which a penalty of LAIF plus 10% would be applied to the deposit premium. Should another 30 days expire, coverage would be cancelled.

At the October 2025 Board Meeting, the Board gave direction to the Program Administrator to work with Byrne Conley, ACCEL's Legal Counsel to draft language in ACCEL's Governing Documents to allow for this. The Finance Committee is to discuss the proposed redlines to ACCEL's Bylaws and 4x1 MOC.

RECOMMENDATION: Staff recommends the Committee discuss how ACCEL should handle potential situations of late premium payment and may take action to recommend the Board adopt the proposed changes or provide direction.

Additional Consideration

In favor: A vote in favor indicates that the Committee would like to propose rules governing late payments of premium to discourage Members from not paying on time or taking installments. Coverage is granted to Members based on receipt of a premium payment and potential changes will enforce prompt payment and outline how to handle payment delays.

Against: A vote against indicates that the Committee would not allow Members to take installments, and instead must pay on time. This maintains the current policy of premiums due in full, net 30. ACCEL's annual contribution allows ACCEL to gain investment income, and also inject new money into ACCEL's short term accounts to pay claims, while maintaining our long term funds at Chandler.



FISCAL IMPACT: The fiscal impact cannot be determined at this time.

BACKGROUND: PRISM applies a late payment penalty if premiums are late. Monthly or quarterly payment plans are also available to PRISM members with varying interest rates per year. This year's interest rate on installment plans was 4.5%.

Other excess pools such as CARMA and CJPRMA are silent on late payments, all members must pay when invoiced.

At the June 2020 Board Meeting, the issue of possible installments was discussed by the ACCEL Board for the first time. Possible installments of two were discussed with one to be paid in July and one to be paid in January, six months later. Direction was given to create an Ad Hoc Committee only if ACCEL receives a hardship request from one of its Members. The Ad Hoc Committee will consider an installment plan of 70% down, net 30 as the first installment, and the remaining 30% as the second installment with a minimum 2% interest rate.

ACCEL's 4x1 MOC has the following language about payments:

- Section VI. Conditions,
 - A. Deposit/Adjustment. All deposits and retroactive adjustments for this Memorandum shall be computed and paid in accordance with the Joint Powers Agreement, By-Laws and the cost allocation plan adopted by the Board of Directors. The deposit is an estimate to be credited to the amount of retrospective adjustment determined under the cost allocation plan.
 - D. Action against Authority. No action shall lie against the **Authority** unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of this Memorandum, nor until the amount of the **covered party's** obligation to pay shall have been finally determined either by judgment against the **covered party** after actual trial or by written agreement of the **covered party**, the claimant and the **Authority**.

No person or organization shall have any right under this Memorandum to join the **Authority** as a party to any action against the **covered party** to determine the **covered party's** liability, nor shall the **Authority** be impleaded by the **covered party** or the **covered party's** legal representative. Bankruptcy or insolvency of the **covered party** or of the **covered party's** estate shall not relieve the **Authority** of any of its obligations hereunder.

ACCEL's 5x5 MOC states the below:

- Page 39: E. CANCELLATION AND NON-RENEWAL
 1. If this Memorandum of Coverage has been in effect for more than 60



days, the Authority may not cancel the Memorandum of Coverage **except for nonpayment of premium**. If the Authority cancels the Memorandum of Coverage because the Member Agency has failed to pay a premium when due, the Authority may cancel this Memorandum of Coverage by mailing written notice of cancellation to the Member Agency at the address shown on the Declarations stating when, not less than 20 days thereafter, such cancellation shall be effective.

If this Memorandum of Coverage has been in effect for less than 60 days and is not a renewal, the Authority may cancel the Memorandum of Coverage by mailing or delivering to the Member Agency written notice of cancellation at least 90 days before the effective date of cancellation if there has been:

- (a) A material misstatement or misrepresentation; or
- (b) Failure to comply with underwriting requirements established by the Authority.

If the Authority cancels the Memorandum of Coverage, the final premium will be calculated pro rata based on the time the Memorandum of Coverage was in force.

- Page 42: K. MEMBER AGENCY

The Member Agency named in the Declarations is authorized to act on behalf of all Covered Party's with respect to the giving and receiving of notice of cancellation and receiving any return premium that may become payable under this Memorandum of Coverage. The Member Agency named in the Declarations is responsible for the payment of all premiums but the other Covered Party's jointly and severally agree to make such premium payments in full if the Member Agency fails to pay the amount due within thirty days after the Authority gives a written demand for payment to the Member Agency.

ACCEL's Bylaws are silent on potential late payment penalties but note the below in New Members Section:

- 2. Coverage shall become effective the first day of the month chosen by the prospective member within the approval period authorized by the Board of Directors. In no case shall coverage become effective during the middle of the month unless specifically approved by the Board of Directors. The new member shall have 30 days from date of governing body approval to make payment of fees and the deposit.

ACCEL's JPA Agreement is silent on potential late payments but notes the below:

- Page 6: 3. To pay deposits and any adjustments thereto promptly to the Authority when due;

ACCEL's Financial Plan simply notes that payments are due within 30 days of July 1:

ACCEL

Authority for California Cities Excess Liability

c/o Alliant Insurance Services, Inc.
Corporation Insurance License No. 0C36861
560 Mission Street, 6th Floor, San Francisco, CA 94105



- Page 2: Deposits are collected by the Authority each year based on actuarial analysis, and action by the Board of Directors. The deposit paid each July is the rate times hundredths of estimated DE-9 payroll.
- Page 4: The deposit premiums are presented at the June Board Meeting and require approval from the Board annually. Invoices are submitted to each Member after the budget is approved and payments are due within thirty days of July 1st.

While not being comparable because of the potential insurance coverage implications, ACCEL does have policies and procedures for late payments of retro assessments and payment plan options. These are detailed below:

1. Any assessment balance is due upon receipt of the invoice. Payment is due within 30 days except as otherwise authorized by the Board.
2. Any payment received on the unpaid balance after 30 days is considered late. All late payments shall accrue interest on the balance at the rate of LAIF plus 1%, unless otherwise authorized by the Board.
3. If a Member is more than 90 days delinquent on the payment plan, the Program Administrators will report to the Board at the next Board Meeting for further action.

Current or Prior Members may request a Payment Plan for their Assessment following these steps:

- a. The Member must submit a written request to the Program Administrators prior to June 1st.
- b. The Board will consider any requests to establish a Payment Plan at a Board meeting prior to the June Board Meeting.
- c. The Board may take action to authorize a Payment Plan at the June Board Meeting.
- d. The Board may not consider any proposed payment plan with a duration greater than three (3) years.
- e. All Payment Plans approved by the Board shall include interest calculated at a reasonable rate established by the Board.

ATTACHMENT: 1) ACCEL Bylaws – redlined
2) ACCEL 4x1 MOC - redlined

AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY

MEMORANDUM OF EXCESS LIABILITY COVERAGE

The **Authority** is an intergovernmental, risk-sharing, joint powers authority, duly formed pursuant to State of California Government Code Sections 6500 - 6512.

This Memorandum of Excess Liability Coverage is a contract between the **Authority** and a **Member Agency** which sets forth certain duties, responsibilities and obligations of each party. This Memorandum of Excess Liability Coverage is not an insurance policy or document, and is not necessarily subject to the particular rules of law, which apply to an insurance policy or document interpretation.

Throughout this Memorandum, words and phrases in boldface type have special meaning, which are defined in SECTION V. WORDS AND PHRASES WITH SPECIAL MEANING.

I. WHAT THE AUTHORITY PAYS ON MEMBER AGENCY'S BEHALF

A. COVERAGE OF MEMBER AGENCY

The **Authority** will reimburse the **covered party** for the **ultimate net loss** excess of the **retained limit** which the **covered party** shall become legally obligated to pay by reason of liability:

- (1) Imposed by law, or
- (2) Assumed by contract, for **damages** because of:

COVERAGE A - BODILY INJURY LIABILITY
COVERAGE B - PROPERTY DAMAGE LIABILITY
COVERAGE C - PUBLIC OFFICIALS ERRORS AND OMISSIONS LIABILITY
COVERAGE D - PERSONAL INJURY LIABILITY

to which the Memorandum applies, caused by or arising out of an **occurrence**.

B. DEFENSE OF MEMBER AGENCY

The **Authority** shall not be called upon to assume charge of the investigation or defense of any claim. However, in the case of a claim or proceeding which, in the opinion of the **Authority**, may result in an **ultimate net loss** exceeding the **retained limit**, the **Authority** has certain rights as set forth below:

1. On any claim in which, in the opinion of the **Authority**, the **covered party** is acting reasonably in the handling, defense or settlement of a claim, the **Authority** may, at its own expense, associate in or participate with the **covered party** in the negotiation, investigation, defense, appeal or settlement of such claim; however, the **Authority** shall not have

the right to take over or control the negotiation, investigation, defense, appeal or settlement of such claim.

2. On any claim in which, in the opinion of the **Authority**, the **covered party** is acting unreasonably in the handling, defense or settlement of such claim, the **Authority** may, at its own expense, assume control of the negotiation, investigation, defense or appeal of such claim. However, nothing contained in this Section B.2. shall be construed as to allow the **Authority** to settle a claim, or to force a **covered party** to settle a claim, within the **retained limit**.
3. On any claim in which, in the opinion of the **Authority**, it is clear that the claim will result in an **ultimate net loss** exceeding the **retained limit**, the **Authority** may, at its own expense, assume control of the negotiation, investigation, defense, settlement or appeal. Such assumption of control may include requiring **covered party** to tender its **retained limit**, once it has been determined that there exists a reasonable, fair and realistic settlement opportunity in excess of the **retained limit**.
4. If a settlement demand is acceptable to the **Authority** and is not acceptable to the **covered party**, and the **Authority** tenders to the **covered party** an amount equal to the difference between the remainder of the **retained limit** and said settlement demand (or up to the applicable Limit of Coverage, whichever is less), then the **Authority's** agreement to indemnify or to pay on behalf of the **covered party** for the **ultimate net loss** hereunder shall be discharged and terminated, and the **Authority** shall have no further obligations with respect thereto.

The procedure for the **Authority** to invoke sections I.B.2, 3 and 4 above shall be as follows. The Liability Claims Administrators or Program Administrator may submit the issue of assuming control of a claim directly to the Board of Directors, for decision, by presenting a written recommendation to that effect. The staff and **covered party** will have the right to submit written materials and present oral arguments to the Board, subject to reasonable time constraints. The Board may determine to assume control of a claim by a two-thirds (2/3) vote of those present and voting. The affected Board member (i.e. whose member entity is the defendant in the claim) shall be disqualified from the final discussion and vote on the issue, but shall be counted as a “no” vote.

The **covered party** shall fully cooperate with the **Authority** in all matters pertaining to a claim or proceeding. No claim shall be settled for an amount in excess of the **retained limit** without the prior written consent of the **Authority**.

II. AUTHORITY'S LIMIT OF LIABILITY

Regardless of the number of (1) **covered parties** under this Memorandum, (2) persons or organizations who sustain injury or damage, or (3) claims made or suits brought, the **Authority's** liability is limited as follows:

- A. With respect to the Coverage provided, the **Authority's** liability for **Bodily Injury, Property Damage, Public Officials Errors and Omissions**, and **Personal Injury** or any combination thereof arising out of any one **occurrence** shall be limited to the **ultimate net loss**

which is in excess of the amount shown as the **Member Agency's** self-insured retention as specified in the Declarations, or for the **ultimate net loss** which is in excess of any scheduled underlying insurance under this Memorandum; but then only up to the sum set forth in the Declarations as the **Authority's** limit of liability for any one **occurrence**. In the event that a **structured settlement** is utilized in the resolution of a claim, only the present value of the agreed upon payments (the present value "cost" of the **structured settlement**) shall be considered in satisfaction of a **Member Agency's** self-insured retention. The total liability of the **Authority** for all **ultimate net loss** because of all **occurrences** during the period of time to which this Memorandum applies shall not exceed the limit of liability shown in the Declarations as "Aggregate".

- B. The **Authority** acknowledges that the **Member Agency**, from time to time, may directly purchase with its own funds (subject to the policies and procedures of the **Authority**) underlying insurance, or may participate in an underlying **risk retention pool**, with limits of liability less than, equal to, or greater than the amount of the **Member Agency's** retention for certain operations, events, and hazards for which this Memorandum provides coverage, however, these underlying insurance policies do not need to be scheduled.

It is agreed that this Memorandum of Coverage (subject to its exclusions, terms and conditions) shall provide coverage in excess of the per occurrence limits, but not the aggregate limits, of such insurance or **risk retention pool**, subject to the following conditions:

1. If the limits of liability of the underlying policy or **risk retention pool** are less than the **Member Agency's** retention, the **Member Agency** shall bear the risk of the difference. However, if such limits are greater than the **Member Agency's** retention, this Memorandum of Coverage will apply in excess of the greater limit.
2. All **defense costs** paid or payable, or obligations to provide defense or pay **defense costs**, under such underlying or other insurance shall be primary to and not contribute with the **Authority's** obligation to pay **defense costs** as required under this Memorandum.
3. If the **Member Agency** fails to meet its financial obligation for its **retained limit**, it is understood that the coverage provided under this Memorandum of Coverage will not drop down and provide coverage, and the limits of liability provided under this Memorandum of Coverage shall continue to apply as if the **Member Agency** had met its obligation and the limits of liability stated in the declarations are still in effect.
4. If the underlying insurance or **risk retention pool** coverage is canceled, or the limits reduced, then it is understood that the coverage provided under this Memorandum of Coverage will not drop down and provide coverage, and the limits of liability provided under this Memorandum of Coverage shall continue to apply as if the limits of liability stated in the declarations are still in effect.

5. If the limits of liability of such aggregate coverage limits are reduced, for whatever reason, this shall have no effect on the limits of liability afforded by this Memorandum of Coverage; coverage provided under this Memorandum of Coverage will not drop down and provide coverage; and this Memorandum of Coverage shall apply as if the limits of liability stated in the declarations are still in effect.

The terms of this section (section 5) apply equally to any other pool operated by the **Authority**. Should a **Member Agency's** aggregate limits be reduced or exhausted in another **Authority** pool, the coverage provided under this Memorandum of Coverage shall not drop down and provide coverage; and this Memorandum of Coverage shall apply as if the limits of liability stated in the declarations are still in effect.

6. It is understood that the pool represented by this Memorandum of Coverage operates separately and distinctly from any other pools operated by the **Authority**.
7. It is understood that should **Member Agency's** underlying insurance, or coverage provided by any other **Authority** pool, fail to respond, or be financially unable to respond, to its obligations, the risk for this failure or inability to respond shall be borne by the **Member Agency** and not the **Authority**; but only up to the limit of the **Member Agency's** retained per **occurrence** limit (\$1,000,000 per **occurrence**) under this Memorandum of Coverage.

Nothing contained herein shall operate to increase the **Authority's** limit of liability under this Memorandum of Coverage.

III. WHO IS A COVERED PARTY

Each of the following is a **covered party** to the extent set forth below:

- A. The **Member Agency** as set forth in the Declarations, any and all commissions, agencies, districts, authorities, boards (including the governing board) or similar entity coming under the **Member Agency's** direction or control or for which the **Member Agency's** board members sit as the governing body. The **Member Agency** includes all departments and constituent agencies of the **Member Agency**.
- B. Any person who is an elected or appointed official, employee or authorized volunteer of the **Member Agency** whether or not compensated while acting for or on behalf of the **Member Agency** including while acting on outside boards at the direction of the **Member Agency**.
- C. Any person while using any **automobile** and any person legally responsible for the use thereof, provided the actual use of the **automobile** is with the permission of the **Member Agency**. The coverage extended by this Section C shall not apply:
 - (1) To any person or organization, other than the **Member Agency**, or to any agent or employee thereof, engaged in selling, repairing, servicing, delivering, testing, road

testing, parking or storing **automobiles**, with respect to any **occurrence** arising out of any such occupation; or

- (2) With respect to any **hired automobile**, to the owner, or lessee thereof other than the **Member Agency**, or to any agent or employee of such owner or lessee; or
 - (3) To liability arising from the ownership, maintenance, or use of any **automobile** assigned to an airport premises while such **automobile** is on the premises of an airport which is owned, maintained or operated by the **Member Agency**.
- D. Any person or organization to whom or to which the **Member Agency** is obligated by virtue of a written contract to provide coverage such as is afforded by this Memorandum of Coverage, but only with respect to **Bodily Injury** and **Property Damage** resulting from operations performed by or on behalf of the **Member Agency** or facilities owned or used by the **Member Agency**.
- E. As respects any person or organization to whom or to which the **Member Agency** is obligated by virtue of a written contract to name such person or organization as an additional covered party, coverage afforded by this Memorandum of Coverage shall be subject to all terms, exclusions and conditions of this MOC, as applicable, and shall apply only to the limit of liability coverage required by such contract.

IV. WHAT THE AUTHORITY WILL NOT COVER (EXCLUSIONS)

This Memorandum does not apply:

- A. To liability arising out of the partial or complete structural failure of any **dam**.
- B. To **Bodily Injury, Property Damage** or **Personal Injury** arising out of the ownership or maintenance or use or operation of any airfield or similar aviation facility.

This exclusion shall not apply, however, to liability arising out of the ownership, operation, rental, or loan of vehicles licensed for highway use while being operated away from the premises of any airfield owned, or operated by the **covered party**.

- C. To liability arising out of the ownership or maintenance or loading or unloading or use or operation of any **aircraft**.

This exclusion does not apply to claims arising out of the ownership, operation, use, maintenance or entrustment to others of any **Unmanned Aerial Vehicle (UAV)** that is an unmanned aircraft system owned by, or operated by, or rented to, or loaned to, or operated on behalf of, any Member of the Authority or Entity.

- D. To liability arising out of the ownership or maintenance or loading or unloading or use or operation of any watercraft over 35 feet in length, unless added by specific endorsement.

- E. To any obligation for which the **covered party**, or any carrier as insurer therefor, may be held liable under any workers' compensation, unemployment compensation or disability benefits law, or under any similar law.
- F. To liability for **Bodily Injury** to any employee of the **covered party** including the spouse, child, unborn child or fetus, parent, sibling or dependent of the employee, arising out of and in the course of his employment by the **covered party**, except with respect to liability of others assumed by the **covered party** under contract.
- G. To liability for **property damage** to:
 - (1) Property owned by the **covered party**;
 - (2) Property rented to or leased to the **covered party** where the **covered party** has assumed liability under contract for **damage** to or destruction of such property, unless the **covered party** would have been liable in the absence of such contract; and
 - (3) **Aircraft**, or watercraft, in the care, custody or control of the **covered party**.
- H. To liability arising out of the actual, alleged or threatened discharge, dispersal, release or escape of **pollutants**:
 - (1) At or from premises owned, leased or occupied by the **Member Agency**, except for public streets and roads when the discharge, dispersal, release or escape was not participated in by a **covered party**;
 - (2) At or from any site or location used by or for the **covered party** for the handling, storage, disposal, processing or treatment of **pollutants** or waste;
 - (3) Which are at any time transported, handled, stored, treated, disposed of or processed as **pollutants** or waste by or for the **Member Agency** or any person or organization for whom the **Member Agency** may be legally liable;
 - (4) At or from any site or location on which the **Member Agency** or any contractors or subcontractors working directly on the **Member Agency's** behalf are performing operations:
 - (a) If the **pollutants** are brought on or to the site or location in connection with such operations; or
 - (b) If the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the **pollutants**.
- I. To liability arising out of any governmental direction or request that **pollutants** be tested for, monitored, cleaned up, removed, contained, treated, detoxified or neutralized.

- J. To liability arising out of or contributed to by any complete or partial failure to supply utilities including but not limited to: water, electricity, gas, and broadband/internet/wireless communication services.
- K. To liability arising out of medical professional services provided by any doctor, nurse, or dentist employed by or contracted by or on behalf of the Member Agency, including:
- (1) Rendering, or failure to render:
 - (a) Medical, surgical, dental, x-ray or nursing service or treatment or the furnishing of foods or beverages in connection therewith.
 - (b) Any service or treatment conducive to health or of a professional nature.
 - (c) Any cosmetic or tonsorial service or treatment.
 - (2) Furnishing of, or dispensing of, drugs or medical, dental, or surgical supplies or appliances.

This exclusion does not apply to the activities of paramedics, emergency medical dispatchers, technicians or similar personnel.

- L. To liability arising out of the ownership or operation of any hospital or medical clinic, including any mobile medical clinic.
- M. To claims for loss or **damage** including consequential loss or any liability of any and all **covered parties** arising out of or in any way connected with the application of the principles of eminent domain, condemnation proceeding, retroactive condemnation, inverse condemnation or reverse condemnation, by whatever name called, regardless of whether such claims are made directly against the **covered party** or by virtue of any agreement entered into by or on behalf of the **covered party**.

This exclusion does not apply, however, to **Property Damage** for which the **covered party** may be legally responsible, and for which recovery is sought by claimant or plaintiff pursuant to a claim for inverse condemnation, by whatever name called; provided, however, that in any case in which a claim of inverse condemnation is made against the **covered party**, coverage shall exist for **Property Damage** only, and there shall be no coverage for reduced value of property (diminution of value), plaintiff's attorney fees and expert fees, severance **damages**, relocation costs, or any other form of relief, however denominated.

- N. To liability, including, but not limited to, liability for civil rights violations, arising out of or in connection with land use planning, land use regulation, Code Enforcement, the adoption or administrative application of any ordinance, resolution or regulation, rent control, or zoning, by whatever names called, regardless of whether or not such liability accrues directly against the **Member Agency** or by virtue of any agreement entered into by or on behalf of the **Member Agency**.

- O. Fines, assessments, penalties, restitution, disgorgement, exemplary or punitive damages, or injunctive relief, equitable relief or declaratory relief, writs of mandate or any other form of relief other than the payment of **damages**. This exclusion applies whether the fine, assessment, restitution, disgorgement, exemplary or punitive **damage** is awarded by a court or by an administrative or regulatory agency. Restitution and disgorgement as used herein refer to the order of a court or administrative agency for the return of a specified item of property or a specific sum of money, because such item or property or sum of money was not lawfully or rightfully acquired by the **covered party**
- P. Under Coverage C, **Public Officials Errors and Omissions** to:
- (1) **Bodily Injury or Personal Injury;**
 - (2) **Property damage;**
 - (3) Refund of taxes, fees or assessments.
 - (4) Liability of a **covered party** (a) arising in whole or in part out of a **covered party** obtaining remuneration or financial gain to which the **covered party** was not legally entitled or (b) arising out of the actual or alleged violation of the penal code, or a penal ordinance, committed by or with the knowledge or consent of any **covered party**, except that any act pertaining to any other **covered party** shall not be imputed to any other **covered party** for the purpose of determining application of these exclusions.
 - (5) Liability arising out of estimates of probable cost or cost estimates being exceeded or faulty preparation of bid specifications or plans including architectural plans.
 - (6) Failure to perform, or breach of, a contractual obligation.
 - (7) Liability arising out of fiduciary activities as respects employee benefit plans, but however, this exclusion does not apply to administration of the Members employee benefits programs. Administration is defined as giving counsel to employees with respect the benefits; interpreting the benefits; handling of records in connection with benefits; and effecting enrollment, termination or cancellation of employees under the benefits, provided all such acts are authorized by the **Member Agency**.
- Q. To liability:
- (1) With respect to which a **covered party** under the Memorandum is also a **covered party** under a nuclear energy liability policy issued by Mutual Atomic Energy Liability Underwriters, American Nuclear Insurers, or Nuclear Insurance Association of Canada, or any successor organizations, or would be a **covered party** under any such policy but for its termination upon exhaustion of its limit of liability; or,
 - (2) Resulting from the “hazardous properties” of “nuclear material” and with respect to which (a) any person or organization is required to maintain financial protection

pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the **covered party** is, or had this Memorandum not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, with any person or organization, or,

- (3) Resulting from “hazardous properties” of “nuclear material,” if:
- (a) The “nuclear material” (i) is at any “nuclear facility” owned by, or operated by or on behalf of, a **covered party**, or (ii) has been discharged or dispersed therefrom;
 - (b) The “nuclear material” is contained in “spent fuel” or “waste” at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of a **covered party**; or
 - (c) The liability arising out of the furnishing by a **covered party** of services, materials, parts of equipment in connection with the planning, construction, maintenance, operation or use of any “nuclear facility,” but if such facility is located within the United States of America, its territories or possessions, or Canada, this exclusion (c) applies only to “**Property Damage**” to such “nuclear facility” and any property threat;

As used in this exclusion:

- (a) “Hazardous properties” include radioactive, toxic, or explosive properties;
- (b) “Nuclear facility” means: (i) any nuclear reactor; (ii) any equipment or device designed or used for (aa) separating the isotopes of uranium or plutonium, (bb) processing or utilizing spent fuel, or (cc) handling, processing, or packaging “waste”; (iii) any equipment or device used for the processing, fabricating or alloying of “special nuclear material” if at any time the total amount of such material in the custody of the **covered party** at the premises where such equipment or device is located consists of or contains more than 25 grams of uranium m235; (iv) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste; and (v) includes the site on which any of the foregoing is located, all operations conducted on such site, and all premises used for such operation;
- (c) “Nuclear material” means “source material,” “special nuclear material,” or “byproduct material”;
- (d) “Nuclear reactor” means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;
- (e) “**Property Damage**” includes all forms of radioactive contamination of property.

- (f) “Source material,” “special nuclear material,” and “byproduct material” have the meaning given them in the Atomic Energy Act of 1954 or in any law amendatory thereof;
 - (g) “Spent fuel” means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor;
 - (h) “Waste” means any “waste” material (i) containing “byproduct material” and (ii) resulting from the operation by any person or organization of any “nuclear facility” included within the definition of “nuclear facility” under paragraph (b) (i) or (ii) thereof;
- R. To liability arising out of past and future salary, wages, benefits and/or retirement proceeds alleged or claimed because of any adverse employment action including, but not limited to, unlawful **discrimination**, harassment, and/or retaliation against, violation of civil rights of, or wrongful termination of any employee or official of the **covered party**.
- S. **ERISA, COBRA, UCERA, WARN Act, and FLSA Liability.** We do not cover any liability imposed on the **covered party** under:
- (A) the Employee Retirement Income Security Act of 1974;
 - (B) the Comprehensive Omnibus Budget Reconciliation Act;
 - (C) the Worker Adjustment and Retraining Notification Act;
 - (D) the Fair Labor Standards Act, including but not limited to any wage and hour or other claim arising under the FLSA or any California Wage Orders or any similar federal or state law;
 - (E) any similar federal, state or local laws;
 - (F) any amendments to such laws; or
 - (G) any regulations promulgated under any such laws.
- T. To **ultimate net loss** arising out of relief, or redress, in any form other than money **damages**.
- U. To any liability arising out of any investment decision, including, but not limited to, investing, re-investing, purchasing, acquiring, exchanging, selling and/or managing public funds.

- V. To liability for **Bodily Injury** or **Property Damage** arising out of any transit authority, transit system or public transportation system owned or operated by any **covered party**. This exclusion shall not apply to transit or public transportation systems operating over non-fixed routes such as dial-a-ride, senior citizen transportation, or handicapped persons transportation, or to contingent liability where such services are contracted.

V. WORDS AND PHRASES WITH SPECIAL MEANING

Aircraft means a vehicle designed for the transport of persons or property principally in the air. Aircraft does not mean **Unmanned Aerial Vehicles (UAVs)**, separately defined in Section V of this Memorandum.

Aggregate Limit means the total limit of coverage available for all occurrences during a program year.

Authority means the Authority for California Cities Excess Liability.

Automobile means a land motor vehicle or trailer licensed for highway use.

Bodily Injury means bodily injury, sickness, disease or emotional distress, including death resulting therefrom, and also includes care and loss of services by any person or persons.

Covered party means any person or entity set forth in Section III of this Memorandum.

Dam means any artificial barrier, together with appurtenant works, which does or may impound or divert water, and which either (a) is 25 feet or more in height from the natural bed of the stream or watercourse at the downstream toe of the barrier, or from the lowest elevation of the outside limit of the barrier, if it is not across a stream channel or watercourse, to the maximum possible water storage elevation; or (b) has an impounding capacity of 50 acre feet or more.

Any such barrier which is not in excess of 6 feet in height, regardless of storage capacity, or which has a storage capacity not in excess of 15 acre feet, regardless of height, shall not be considered a **dam**.

No obstruction in a canal used to raise or lower water therein or divert water therefrom, no levee, including but not limited to a levee on the bed of a natural lake the primary purpose of which levee is to control floodwaters, no railroad fill or structure, tank constructed of steel or concrete or of a combination thereof, no tank elevated above the ground, and no barrier which is not across a stream channel, watercourse, or natural drainage area and which has the principal purpose of impounding water for agricultural use shall be considered a **dam**. In addition, no obstruction in the channel of a stream or watercourse upstream from the construction for percolation underground shall be considered a **dam**, except that no structure specifically exempted from jurisdiction by the State of California Department of Water resources, Division of Safety of Dams shall be considered a Dam, unless such structure is under the jurisdiction of any agency or the federal government

Damages means compensation in money recovered by a party for loss or detriment it has suffered through the acts of a **covered party**. **Damages** includes attorney fees not based on contract

awarded against the **covered party**, if the fees arise from an **occurrence** in which this coverage applies. **Damages** also include reasonable attorney fees and necessary litigation expenses incurred by or for a party other than the **covered party**, which are assumed by the **Member Agency** in a contract related to operations performed by or on behalf of the **Member Agency** or facilities owned or used by the **Member Agency**, where such attorney fees or costs attributed to a claim for **Bodily Injury** or **Property Damage** covered by this Memorandum.

Defense costs means all fees, costs and expenses caused by and relating to the adjustment, investigation, defense or litigation of a claim including attorney's fees, court costs and interest on judgments accruing after entry of judgment. **Defense costs** shall not include the salaries of employees or officials, or the office expenses of the **Authority**, the **covered party**, or any claims administration firm engaged by any **covered party**.

Discrimination - means action or inaction with respect to any present or former employee or applicant for employment with respect to their compensation, terms, conditions, rights, privileges or opportunities because of protected class category or characteristic established pursuant to any applicable federal, state or local statute or ordinance

Hired automobile means an **automobile** used under contract on behalf of or loaned to the **Member Agency** provided such **automobile** is not owned by or registered in the name of (1) the **Member Agency**, or (2) any other **covered party**.

Member Agency means the local public agency, designated in the declarations, which is a party signatory to the Joint Powers Agreement creating the **Authority** for California Cities Excess Liability. This coverage applies separately to each **covered party** against whom claim is made or suit is brought, except with respect to the limits of the **Authority's** liability.

Occurrence means: a) an accident or event which, during the coverage period, results in **Bodily Injury** or **Property Damage** neither expected nor intended from the standpoint of the **covered party** b) an act, accident or event, as defined under **Personal Injury** or **Public Officials Errors and Omissions**, during the coverage period which results in injury or **damage**; all injuries or **damages** arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one **occurrence**.

Owned automobile means an **automobile** owned by or under long term lease to the **Member Agency**.

Personal Injury means (a) false arrest, malicious prosecution, or willful detention; (b) libel, slander or defamation of character; (c) invasion of privacy; (d) wrongful entry or eviction, or other invasion of the right of private occupancy; (e) assault and battery; and (f) **discrimination** or civil rights violations.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed. The term **pollutant** as used herein is not defined to mean potable water or agricultural water or water furnished to commercial users or water used for fire suppression, and it is not defined to mean smoke from a hostile fire.

Property Damage means (1) physical injury to or destruction of tangible property, including the loss of use thereof, at any time resulting therefrom, or (2) loss of use of tangible property which has not been physically injured or destroyed, provided such loss of use is caused by an **occurrence** during the coverage period.

Public Officials Errors and Omissions means any and all breaches of duty by the **covered party** arising from negligent action or inaction, mistake, misstatement, error, neglect, inadvertence, or omission by the **covered party** in the discharge of duties with the **Member Agency**.

Retained limit means the amount of paid claim liability for which the **covered party** is responsible on a per **occurrence** basis, and which the **covered party** actually pays in cash, after making proper deduction for all recoveries, offsets, and salvages collectible, including, but not limited to, payments by or recoveries from other insurance which may be available to the **Member Agency**; provided, however, that recoveries and payments, as used herein, shall not include recoveries from or payments by an “underlying” insurer or pool as contemplated under Section II B. Further, a **Member Agency’s retained limit** includes **defense costs** expended by the **Member Agency** or on the **Member Agency’s** behalf by an underlying insurer or pool as contemplated under Section IIB.

Risk retention pool means any legally formed group of public entities joining together to share risk or joint-purchase insurance, or other insurance.

Structured settlement shall mean any agreement which provides for a program of future payments in the settlement of a claim, but in no event shall the present value be in excess of the judgment.

Unmanned Aerial Vehicle (UAV) means an aircraft (with its aerial system or control device) that is not controlled directly by a person from within or on the aircraft and is authorized to be operated by the Federal Aviation Authority (FAA) Small Unmanned Aircraft Regulations (14 Code of Federal Regulations Part 107), or that is authorized to be operated under a Certificate of Waiver or Certificate of Authorization pursuant to 49 U.S. Code sections 40102(a)(41)(D) and 40125(a)(2), and 44806, relating to agreements to operate “public aircraft” for “governmental functions” including but not limited to firefighting, search and rescue, and law enforcement. In the event any of these provisions are amended, any successor statutes or regulations will apply.

Ultimate net loss means the sum actually paid or payable in cash in the settlement or satisfaction of losses for which a **Member Agency** is liable either by adjudication or compromise (with the written consent of the **Authority**) after making proper deductions for all recoveries and salvages collectible, and includes **defense costs** and interest on any judgment or award, whether such sums paid or payable, costs, or interest are incurred by the **Member Agency**, a **covered party** or the **Authority**.

VI. CONDITIONS

- A. **Deposit/Adjustment**. All deposits and retroactive adjustments for this Memorandum shall be computed and paid in accordance with the Joint Powers Agreement, By-Laws and the cost allocation plan adopted by the Board of Directors. The deposit is an estimate to be

credited to the amount of retrospective adjustment determined under the cost allocation plan.

- B. Inspection and Audit. The **Authority** shall be permitted but not obligated to inspect the **Member Agency's** property and operations at any time. The **Authority** may examine and audit the **Member Agency's** books and records at any time prior to cessation of the **Member Agency's** financial obligations under the Joint Powers Agreement.
- C. Covered Party's Duties in the Event of Occurrence, Claim or Suit.

In the event of:

- (1) **Member Agencies** will report to the Authority's Claims Administrator as soon as possible all events meeting any of the criteria identified below, without regard to liability:
- a. Claims in which the **ultimate net loss** is estimated to exceed twenty-five percent (25%) of the **covered party's retained limit**.
 - b. Claims falling within any of the following classifications:
 - i. Class action suits.
 - ii. Law enforcement actions alleging excess use of force or wrongful conviction.
 - iii. Claims involving allegations of harassment, including but not limited to sexual, employment-based or third-party.
 - iv. Sexual misconduct or molestation – including allegations of assault, misconduct, rape and related offenses.
 - v. Fatalities.
 - vi. Spinal cord injuries resulting in any degree of paraplegia or quadriplegia.
 - vii. Nerve damage injuries resulting in paralysis or loss of sensation.
 - viii. Brain damage claims including; but not limited to, closed head injuries, permanent disorientation, behavior disorder, personality change, seizure, motor deficit or other cognitive disorders.
 - ix. Burns – Third degree burns involving 10% of the body, or second degree burns involving 30% of the body.
 - x. Amputation – complete or partial.
 - xi. Impairment of vision or hearing – 50% or greater.
 - xii. Multiple injuries arising out of one occurrence, including but not limited to; massive internal injuries or multiple fractures involving more than one claimant.
 - xiii. Severe disfigurement
 - xiv. Long term hospitalization (30 days or more)
 - xv. Multiple claims arising out of the same occurrence in which the aggregate ultimate net loss is estimated to exceed 25% of the Member Agency's retained limit.

- xvi. Any claim with an assigned trial date in the next 60 days that has not been otherwise reported.
- c. Lawsuits or writs involving employment practices liability.
- d. Demands in excess of \$250,000 arising out of any of the following settings:
 - i. Statutory demand;
 - ii. Post closed discovery (not expert) demand;
 - iii. Mandatory Settlement Conference demand;
 - iv. Mediation demand; or
 - v. Arbitration demand.

Written notice containing particulars sufficient to identify the **covered party** and also reasonable obtainable information with respect to the date, time, place and circumstances thereof, and the names and addresses of the **covered party** and of available witnesses, shall be given by or for the **covered party** to the **Authority** or any of its authorized agents as soon as practicable.

With respect to any claim required to be reported in accordance with Section VI. C.(1), the **covered party** shall immediately forward to the **Authority** every demand, notice, summons or process received.

The **covered party** shall cooperate with the **Authority** and, upon the **Authority's** request, assist in making settlements in the conduct of suits and in enforcing any right of contribution or indemnity against any person who, or organization which, may be liable to the **covered party** because of injury or **damage** with respect to which coverage is afforded under this Memorandum; and the **covered party** shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. The **covered party** shall not, except at the **covered party's** cost, voluntarily make any payment, assume any obligation or incur any expense other than for first aid or **damage** mitigation.

The **Authority** may not be liable for **occurrences**, suits or claims in which the **Member Agency** fails to comply with this Subsection C.

- D. Action against Authority. No action shall lie against the **Authority** unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of this Memorandum, nor until the amount of the **covered party's** obligation to pay shall have been finally determined either by judgment against the **covered party** after actual trial or by written agreement of the **covered party**, the claimant and the **Authority**.

No person or organization shall have any right under this Memorandum to join the **Authority** as a party to any action against the **covered party** to determine the **covered party's** liability, nor shall the **Authority** be impleaded by the **covered party** or the **covered party's** legal representative. Bankruptcy or insolvency of the **covered party** or of the **covered party's** estate shall not relieve the **Authority** of any of its obligations hereunder.

- E. Multiple Coverage Periods. An **occurrence** with a duration of more than one coverage period shall be treated as a single **occurrence** arising during the coverage period when the **occurrence** begins.
- F. Other Coverage. The coverage afforded in this Memorandum shall be excess of and shall not contribute with any valid and collectible insurance, coverage provided by a **risk retention pool**, or coverage provided through a risk-purchasing group that is available to the **covered party**, other than any excess or umbrella insurance or coverage procured by the **Authority** or the **Member Agency** which is specifically meant to apply in excess of the coverage afforded by this Memorandum.
- G. Subrogation. In the event of any payment under this Memorandum, the **Authority** shall be subrogated to all the **covered party's** rights of recovery therefor against any person or organization and the **covered party** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The **covered party** shall do nothing after loss to prejudice such rights.
- H. Withdrawal/Cancellation. The **Member Agency** may withdraw from the **Authority** and cancel this coverage only pursuant to Section XIX of the **Authority's** JPA Agreement. Non-payment of premium will result in cancellation of a Member Agency's coverage pursuant to Article XII of the Authority's Bylaws.
- I. Changes. This Memorandum shall not be changed except by written endorsement hereto.

VII. ARBITRATION

It is the intent of this Section VII: (1) to provide an alternative, and confidential, alternative to litigation for the resolution of coverage disputes between a **Member Agency** and the **Authority**, and (2) that this Section shall apply to those disputes arising out of or in connection with claims or actions filed against the **Authority** by a **Member Agency**. The purpose of such confidentiality is to protect the interests of parties, particularly in a circumstance in which there is a pending, or the potential of an underlying case.

Arbitration shall be final and binding, and shall apply only in instances in which the **Member Agency** and the **Authority** agree to arbitration. Agreement by the **Authority** to arbitrate shall require a majority vote of the Board.

The Parties in the proceedings shall be the **Authority** and a **Member Agency** (hereinafter referred to in this Section VII as "Party" or "Parties").

A. Requesting arbitration:

Either a **Member Agency** or the **Authority** may request arbitration of disputes under this Section. To proceed with arbitration, the **Member Agency** and the **Authority** must have prior approval from their respective governing bodies. Such arbitration proceeding becomes

non-cancelable once an arbitration agreement is executed by both the **Authority** and the **Member Agency**.

Upon receipt of a request for arbitration from a **Member Agency**, the Board decides whether or not the **Authority** shall agree to arbitration, and the time to make such decision shall not extend past the next two regularly scheduled Board meetings after receipt of such request, provided that such request is received no later than 14 days prior to the first of such two Board meetings.

Upon receipt of a request for arbitration from the **Authority**, the **Member Agency** decides whether or not it will agree to arbitration, and the time to make such decision shall not extend past the next two regularly scheduled **Authority** Board meetings after receipt of such request, provided that such request is received no later than 14 days prior to the first of such two **Authority** Board meetings.

B. Arbitration procedures:

If a dispute is submitted to arbitration, each Party shall, within thirty (30) calendar days, select one (1) arbitrator and submit their name in writing to the other Party. Within thirty (30) calendar days after their selection, these two arbitrators shall select a third, independent arbitrator. No arbitrator shall be employed by or in any way affiliated with the **Authority** or with any **covered party**. One of the three arbitrators must be an attorney with knowledge, expertise, and experience in the area of California insurance or memorandum-of-coverage law.

If the two selected arbitrators cannot agree on the selection of the third arbitrator within thirty (30) calendar days, either Party may petition the Contra Costa County Superior Court for the appointment of the third arbitrator pursuant to the provisions of Section 1281.6 of the California Code of Civil Procedure.

The arbitration panel shall choose a Chairperson from the three panelists; however, each arbitrator shall have an equal vote. The arbitration hearing shall commence within one hundred eighty (180) calendar days from the date of the selection of the complete panel.

Each Party shall pay the cost of its selected arbitrator and one-half the cost of the third, independent arbitrator. In addition, each Party shall be responsible for its own cost and expense of arbitration.

Except for notification of appointment, and as otherwise provided for in the California Code of Civil Procedure, there shall be no communication between the Parties and the arbitrator(s) relating to the subject of the arbitration, other than at scheduled hearings.

C. Discovery:

The procedures set forth in California Code of Civil Procedure 1283.05 relating to discovery (including, but not limited to, depositions) shall apply to any arbitration pursuant to this Section. The arbitration panel shall have the authority to designate any discovery under this arbitration as confidential.

D. Testimony under oath:

The testimony of witnesses shall be given under oath, as administered by a qualified individual, or shall be given under a declaration under penalty of perjury.

E. Hearing decision:

The decision of the panel shall be reported in writing. The written decision of the panel shall be given to both Parties within thirty (30) calendar days of the close of the hearing.

F. Certified court reporter:

Either Party electing to utilize a certified court reporter shall make arrangements directly with such certified court reporter and shall notify the other Party of such arrangements in advance of the hearing. Such Party shall pay the cost of recording the hearing if no transcript is ordered by the other Party. If such a transcript is ordered, the cost of the transcript and of recording the hearing shall be divided equally among the Parties ordering copies.

G. Funding of defense and payment of claims pending resolution of dispute:

The commencement of an arbitration process hereunder shall have no effect on the Parties' responsibilities for payment of fees or expenses related to investigation, defense, or litigation of a claim or lawsuit, until such time as a final decision has been rendered by the arbitration panel. The initiation of an arbitration process shall have no effect on the Parties' obligation, rights, or responsibilities under this Memorandum.

H. Effect of arbitration decisions:

All decisions made by the arbitration panel shall be final and binding upon the Parties.

I. Costs of arbitration:

Unless otherwise provided for herein, each Party shall bear its own costs associated with arbitration.

J. Interpretation and application of rules:

With respect to any procedure not herein expressly provided for, the arbitration shall be governed by the California Code of Civil Procedure provisions relating to arbitration (Section 1280 et seq.). The arbitrator(s) shall interpret and apply these rules in so far as they relate to

the arbitrator(s)' power and duties. All decisions of the arbitration panel shall be decided by a majority vote.

K. Not applicable to excess carriers:

These arbitration provisions are intended to bind only the **Authority** and its **Member Agencies**. They are not intended to be binding upon any of the **Authority's** excess carriers.

Issued by the Authority for California Cities Excess Liability.

By: _____
Secretary

AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY

BYLAWS

Amended & Restated March 19, 2026

Amended & Restated January 23, 2025

Amended & Restated January 18, 2024

Amended & Restated January 20, 2022

~~Amended & Restated April 6, 2017~~

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**BYLAWS
of the
AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY**

For the regulation of the Authority for California Cities Excess Liability, except as otherwise provided by statute or Agreement creating the Authority for California Cities Excess Liability.

**ARTICLE I
DEFINITIONS**

The terms in these Bylaws shall be defined in the Agreement creating the Authority for California Cities Excess Liability, unless otherwise specified herein.

- A. "Authority" shall mean the Authority for California Cities Excess Liability created by the JPA Agreement.
- B. "Board" or "Board of Directors" shall mean the governing body of the Authority composed of one representative of each Member Agency.
- C. "Full Board" shall consist of all directors, whether, or not present at a Board Meeting.

**ARTICLE II
OFFICES**

The principal executive office for the transaction of business of the Authority is hereby fixed and located at:

Authority for California Cities Excess Liability
c/o Alliant Insurance Services
560 Mission Street, 6th Floor
San Francisco, CA 94105

The Board shall have the authority to change the location of the principal executive office from time to time. Any such change shall be noted in the Bylaws by the Secretary, and this section shall be amended to state the new location. Official notice shall comply with Section 53051 of the California Government Code.

Other business offices may at any time be established by the Board at any place or places where the Authority is qualified to do business.

**ARTICLE III
MEETINGS**

In addition to a required regular meeting as called for by the Joint Powers Authority agreement, the Board shall meet on an as-needed basis, as determined by the Board. Official minutes of the Board meetings shall be kept by the Authority at its principal executive office.

**ARTICLE IV
ELECTION OF OFFICERS AND APPOINTMENT OF COMMITTEE
MEMBERS**

The Board of Directors shall elect the officers from among the Board members. For each fiscal year, the officers shall be elected in the following manner:

- A. Each Board member may place another Board member in nomination for each office.
- B. Each Board member shall cast one vote for the candidate of their choice for each office.
- C. All terms of office shall be for one year. The officers shall begin serving terms upon the beginning of the fiscal year immediately following the election. The terms of office shall end on June 30 of each year.
- D. Elections shall be held whenever there is an office vacancy.
- E. Officers shall hold their positions as individuals and not as a representative of a specific public entity.

The Executive Committee will be comprised of the elected officers. The Executive Committee shall appoint members to the Underwriting, Claims and Finance Committees. Ad hoc committees may be appointed by the President.

**ARTICLE V
DUTIES OF THE OFFICERS**

The duties of the officers shall be as follows:

A. President

The duties of the President shall be to:

- 1. Preside at all meetings of the Board of Directors.
- 2. Serve on the Underwriting Committee.
- 3. Appoint ad hoc committees.
- 4. Perform such other duties as the Board may specify.

B. Vice President

The duties of the Vice President shall be to:

1. Act as the President in the absence of the President.
2. Serve as chairperson of the Underwriting Committee.
3. Perform such other duties as the Board may specify.

C. Secretary

The duties of the Secretary shall be to:

1. Cause minutes to be kept as specified in the Agreement.
2. Perform such other duties as the Board may specify.

D. Treasurer

The duties of the Treasurer shall be those specified in Section 6505.5 or 6505.6 of the California Government Code, and to:

1. Maintain or cause to be maintained all accounting and other financial records of the Authority.
2. Serve as chairperson of the Finance Committee.
3. Provide written quarterly financial/profit and loss statements in accordance with Government Code Section S6505.5(e). These reports shall be submitted to the Board of Directors at the next regularly scheduled meeting following their completion.
4. Perform other duties as specified by the Board.

ARTICLE VI COMPOSITION AND DUTIES OF COMMITTEES

The operation of the Authority shall be overseen by four standing committees: Executive, Underwriting, Finance, and Claims. ACCEL Member Alternates may be appointed to serve as members of the Underwriting, Finance and Claims Committees, but not as Chairperson. Committee membership shall not meet or exceed a quorum of the Board.

Executive Committee

A. Composition

The Executive Committee shall be comprised of the President, Vice President, Secretary and Treasurer.

B. Duties

1. Oversee the day-to-day management of the Authority.
2. Make payments pursuant to previously authorized contracts within budget limits.
3. Authorize and reimburse expenses incurred for budgeted activities within budget limits.
4. Such other duties as may be specified for by the Board of Directors.

Underwriting Committee

A. Composition

The Underwriting Committee shall be comprised of the President, Vice President, and other Board members appointed by the Executive Committee. The Vice President shall serve as the chairperson.

B. Duties

1. Review membership criteria and applications of prospective members.
2. Review retrospective adjustments for appropriateness.
3. Interpret and make recommendations on revisions to the Memorandum of Coverage.
4. Review and recommend any coverage or exposure issues brought to the Board.
5. Review and make recommendations to the Board on all underwriting related issues (non-specific claim related issues) on all Authority documents.
6. Perform other underwriting duties as may be necessary.

Finance Committee

A. Composition

The Finance Committee shall be composed of the Treasurer and other Board members as appointed by the Executive Committee. The Treasurer shall act as the chairperson.

B. Duties

1. Recommend to the Board on how funds shall be invested.
2. Review deposit amounts for appropriateness.
3. Oversee administration of actuarial services.
4. Review the independent auditors' proposed audit scope and approach.
5. Review the performance of the independent auditor(s).
6. Recommend the appointment of the independent auditor(s) and review audit fees.
7. At the direction of the Board, review, with counsel, any legal matters that could have significant impact on the financial statements.
8. Review and make recommendations to the Board to maintain or change the Investment Policy in accordance with California Government Code.
9. Review and recommend Administrative Budget to the Board.

Claims Committee

A. Composition

The Claims Committee shall generally be made up of Board members appointed by the Executive Committee with one person being designated Claims Committee Chair by the appointed Board members on the Committee.

B. Duties

1. Monitor proper claim reporting to ACCEL by all member cities.
2. Recommend to the Board appointment of the claims auditor and claims administrator.
3. Administer claims auditing and claims administration contracts.
4. Recommend and keep current claims administration policy and procedures.
5. Review and provide oversight regarding the handling and defense of all claims reported per the policy and procedures.
6. Keep Board of Directors completely informed on all claims matters.
7. Interpret coverage issues, as they relate to specific claims, and make recommendations to the Board.
8. Make case settlement recommendations to the Board.
9. Perform other duties as may be assigned by the Board.

ARTICLE VII BUDGET

The annual budget process shall provide for and show the following reports and minimum considerations:

- A. The Administrative Budget shall include the general and administrative costs;
- B. The Member Account Summary shall include deposits, projected interest income and other income;
- C. The Retrospective Plan Calculation shall include audited estimated claims reserves and allocated claims adjustment costs.

ARTICLE VIII DISBURSEMENT OF FUNDS

The disbursement of funds shall be in accordance with the following:

A. Issuance of Checks

1. A register of all checks issued since the last Board meeting shall be provided at the subsequent Board meeting and approved by the Board.
2. The President, Vice President and Secretary have check signing authority and shall make payments pursuant to previously authorized contracts, which are within budget limits. This authority includes the power to authorize and reimburse expenses incurred for budgeted activities, which are within budget limits.

3. The disbursement of checks in any amount shall require at least two signatures.

B. Unencumbered Operating Funds

1. Unencumbered operating funds shall be allocated back to each member city at the end of each Fiscal Year. Any return shall be used as an offset on the following years fund deposit.
2. Any city leaving ACCEL may request and receive any unencumbered operating funds on an equal prorata basis at the end of the Fiscal Year in which they leave.

**ARTICLE IX
INVESTMENT OF FUNDS**

The investment of funds shall be in accordance with the Investment Policy adopted by the Board of Directors. Such investment shall be overseen by the Finance Committee.

A member city's Finance Director or their designee may act as the investment manager of the Authority's funds. If so, there shall be a written agreement prepared. The agreement shall address such areas as service charges, claim payment or withdrawal procedures, authorized investment vehicles and maturities, allocation of pooled investment earnings, and interim financial reporting.

**ARTICLE X
FINANCIAL AUDIT**

An annual financial audit shall be made by a Certified Public Accountant with respects to all receipts, disbursements, and other transactions. A report of such financial audit shall be filed as a public record with Member Agencies in accordance with the Government Code. All costs of such financial audit shall be paid by the Authority. The charge for such audit shall be charged against the Member Agencies in the same manner as all other administrative costs.

**ARTICLE XI
SETTLEMENT OF CLAIMS**

All claims settlement recommendations shall be presented by the Claims Committee to the Board for its approval prior to final settlement.

ARTICLE XII LIABILITY PROGRAM

The Liability Program shall be governed in accordance with the following:

A. Coverage

The excess liability program shall provide pooled self-insurance protection limits and coverages as specified in the Memorandum of Coverage for each Program Year.

B. Program Year

The program year shall begin on July 1 and shall end on the following June 30 for each Member Agency who enters the program effective on July 1.

C. Terms and Conditions of Coverage for New Member

A member joining ACCEL will have coverage for losses under the terms and conditions of the Memorandum of Coverage in effect on the date of the loss.

D. Claims Audit

1. An annual claims audit shall be made on the Authority and each Member Agency's claims prior to the annual retrospective calculations for retrospective adjustments, and a report of such claims audit shall be filed with each Member Agency.
2. Claims audit costs shall be paid by the Authority. The costs for such audit shall be allocated to the Member Agencies in the same manner as all other administrative costs.

E. Deposit (and Audited) Premium Calculations

1. For the purposes of determining the deposit, payroll shall be based on the year's preceding DE6 (or equivalent) payroll (Subject Wages) for quarters ending March 31, June 30, September 30, and December 31, submitted to the Treasurer no later than February 1. Members must also indicate, by including computerized payroll data, any payroll to be omitted from coverage, along with a verification letter from the city's Finance Officer.
2. For those members not providing such information by that date, ACCEL shall assign the task to an auditing firm and assess the cost of such work directly to the member agency.

F. Rating Plan Adjustments

1. On or after July 1, 1989 any member joining ACCEL, other than at the beginning of the Program Year, shall have their loss experience and payroll included in their initial Program Year's retrospective adjustment calculations in accordance with the Program Year definition contained in Article XII B.
2. For purposes of performing any rating plan adjustments, as well as for performing underwriting functions, all loss data common to all members shall be collected in accordance with the policy and procedures developed for that purpose.

G. Underwriting Standards

The Board of Directors shall develop underwriting requirements and guidelines that shall be met and reviewed in the membership underwriting process. These requirements and guidelines shall be those in Article XIII of these Bylaws and/or those adopted as policy and procedures.

H. Default in Payments

The ACCEL program invoice for the ACCEL annual deposit, excess insurance, and administrative costs are due and payable in full within thirty (30) days of invoicing. Failure to pay these costs when due within this period will result in an additional administrative charge of the most recently published LAIF rate at the time of default plus ten percent (10%) to the full amount of these costs. A Notice of Intended Cancellation of coverage under the Liability Program will be issued with a due date within thirty (30) days from the original invoice due date. Failure by the Member to pay the ACCEL annual deposit, excess insurance, administrative costs and administrative surcharge within the thirty (30) day notice period will result in automatic cancellation of coverage in the Liability Program. Notwithstanding this cancellation of coverage, the Member will be responsible to pay its share of the annual cost of administrative services and excess insurance premiums for the Program Year involved. In the event of failure to promptly pay this amount, within thirty (30) days of invoicing, the Authority may institute suit over the amount, or elect to charge the amount owed against any surplus the Member would otherwise have in the Authority's assets, and deduct the amount from any distribution of funds; and the Board further may invoke the Expulsion clause, Article XX in the Joint Powers Agreement.

Cancellation of coverage for default in payments as set forth above shall be permanent to the Liability Program; any restoration of rights to coverage upon cure of default shall be only upon the sole and exclusive discretion of the Board. No delay or omission to exercise any right or power in this Article shall impair any such right or be construed to be a waiver thereof. In the event of litigation to enforce collection of default in payment of deposit premiums or administrative charges and excess insurance premiums, the Member shall be liable to the Authority for reasonable attorney fees and litigation expenses incurred by the Authority.

**ARTICLE XIII
NEW MEMBERS**

Membership to ACCEL shall be in accordance with the following:

A. Application for Membership

The Underwriting Committee shall provide prospective members with application forms, and establish procedures for their completion and submission. The application form shall include, but not be limited to, a request for the following information:

1. Underwriting data for the current year;
2. Underwriting data for the prior ten years;
3. Incurred losses, paid and reserved, including all allocated losses and administrative expenses equal to or greater than \$25,000, including payments made by insurance companies above an SIR, for the prior ten years;
4. A copy of the most recent claims audit and actuarial reports, if any; and
5. A copy of the most recent audited financial statements.

B. Membership Approval

1. Membership shall be approved by a two-thirds vote of the Board.
2. Once a prospective member is accepted for membership, the invitation shall be good for 90 days after approval of the Board of Directors. If the prospective member joins ACCEL by governing body action, coverage may be, at the option of said prospective member, retroactive to the first of the month in which the member's governing body approved membership. Coverage shall become effective the first day of the month chosen by the prospective member within the approval period authorized by the Board of Directors. In no case shall coverage become effective during the middle of the month unless specifically approved by the Board of Directors. The new member shall have 30 days from date of governing body approval to make payment of fees and the deposit.
3. Administrative fees shall be prorated on a quarterly basis.
4. Any prospective member joining ACCEL other than at the beginning of a Fiscal Year shall have contributions prorated to the end of the Fiscal Year in which they are covered.
5. A new Board member shall submit a Conflict of Interest Form at time of the members acceptance to membership and annually thereafter in accordance with State of California.

C. Participation

1. All new members must participate in the ACCEL Liability Program for three (3) full Program Years regardless of when they join.

All new members are eligible to participate in other ACCEL Shared Risk Programs upon approval by a majority vote of the Board of Directors. Applications to participate in optional shared risk programs will be evaluated by the Underwriting Committee and then presented to the Board along with their recommendations.

Participation in the ACCEL Liability Program is required while participating in other ACCEL Shared Risk Programs.

Participation is required to a minimum limit of coverage determined by the Board of Directors at the June Board meeting preceding each Program Year.

**ARTICLE XIV
AMENDMENTS**

These Bylaws may be amended by a two-thirds vote of the Board provided that any amendment is compatible with the purposes of the Authority, is not in conflict with the Agreement and has been submitted to the Board at least 30 days in advance.

Any such amendment shall be effective immediately, unless otherwise designated.

**ARTICLE XV
OPTIONAL POOLED PROGRAMS**

From time-to-time, various members may join together to take advantage of the benefits of joint purchase of such programs as, but not limited to, all coverage lines, primary insurance, excess insurance, and other related professional services such as premium financing, claims auditing, and other related products and services. All brokerage fees for placement and servicing coverage, and costs for outside services, will be borne by the participants of the program(s). Decisions affecting the programs will be made by only those members participating in the program(s).

In addition to joint purchase insurance programs, members may participate in other shared risk programs created by the Authority, including but not limited to; underlying self-insured liability retention options, Worker's Compensation coverage, Property coverage, and any other coverages approved by the Board. Applications to these programs are evaluated by the Underwriting Committee and then presented to the Board along with their recommendation.

Once approved, participating members agree to:

1. Members joining any alternative Shared Risk Program agree to participation for no less than three (3) full Program Years from the date of participation; and
2. Ongoing participation in the ACCEL Liability Program while participating in other ACCEL shared risk programs.