

County of Lassen  
**PERSONNEL SERVICES**

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PERSONNEL

RISK MANAGEMENT

Maurice Anderson, County Administrative Officer  
Regina Schaap, Personnel/Risk Analyst  
County Administration Center  
221 South Roop Street, Suite 3  
Susanville, CA 96130  
☎ (530) 251-8320  
FAX: (530) 251-2663  
e-mail: [rschaap@co.lassen.ca.us](mailto:rschaap@co.lassen.ca.us)

Board Date: June 23, 2026

To: Lassen County Board of Supervisors

From: Regina Schaap, Personnel/Risk Analyst 

Subject: Resolution Adopting an Amendment to the Public Risk Innovation, Solutions, and Management (PRISM) Joint Powers Authority Agreement  
Adoption of the resolution is a requirement to participate in the PRISM property and casualty pool and its programs.

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**Action Requested:**  
Adopt Resolution.

**Background:**

PRISM was formed by and for the California counties in 1979 by the California State Association of Counties (CSAC). Today, 54 out of the 58 counties in California participate in one or more of the PRISM programs. In 2001, PRISM expanded its offerings to other California public agencies. At this point, over 70% of the cities in California participate in one or more of the PRISM programs. In addition, a variety of special districts, school districts, and JPAs also participate in PRISM Programs. PRISM is recognized as the largest public entity property and casualty pool in the United States.

After 25 years of having public entity members participate in PRISM, the members of PRISM have proposed to update the composition of the Board of Directors to recognize the partnership that the counties have with the public entity members. At present, the PRISM Board of Directors is composed of 54 county members (all county members have a voting position on the Board of Directors) and 7 public entity voting spots for a total of 61 voting members. There are also 3 alternates for the public entity votes, but they only stand in place of the 7 voting spots and not in addition to. The proposal is to add 10 additional voting public entity board seats so that the total number of public entity voting seats will be 17 (with 3 additional alternates) instead of 7 (with 3 additional alternates). This results in a total of 71 voting Board of Directors seats. Under this proposal, the counties will have a total of 76% of the total voting Board of Director seats.

In addition, the PRISM members have also proposed to update the composition of the Executive Committee which oversees the day-to-day activities of the organization. Currently, the executive Committee has 11 members, and the proposal is to increase the number to 13

with an additional 2 alternates. The Executive Committee members are elected by the Board of Directors. The other changes that are proposed are updates to the Agreement that reflect the current operations of the organization and remove the word insurance from the document since the organization is a pool, not insurance.

These proposed changes were discussed with PRISM's Executive Committee and various Committee Chairs at a strategic planning retreat in November 2022. The discussion largely centered around the idea that public entities have been members of the organization since 2001, have participated in governance of the organization by serving on PRISM Committees, and approximately  $\frac{1}{2}$  of the contributions made to PRISM each year are from the public entity members while the other  $\frac{1}{2}$  is from counties. It was felt by the group that the organization should reconsider the size and function of the Board of Directors, including what it delegates to others and whether to eliminate the distinction between counties and public entity members in the governance process. The composition of the Executive Committee was also discussed.

Thereafter, the Executive Committee tasked the Governance Sub-Committee with reviewing the JPA Agreement and proposing amendments to reflect its desire to expand governance opportunities for the public entity members and participation on the Executive Committee. The Governance Sub-Committee did so and those proposed changes were then reviewed by the Executive Committee and the Board of Directors. PRISM has also made some other amendments to the Agreement to "clean up" the document to coincide with current practices and the future vision of the organization and to remove the word "insurance" from the Agreement since the JPA is a risk sharing pool that provides excess coverage for members and risk-sharing pools are not "insurance" under the law.

**Financial Impact:**

Undetermined. PRISM determines members' annual premiums through a cost allocation plan and rating formula adopted by the governing committee. Annual premiums for Lassen County programs are then allocated to the respective County departmental budgets.

**Recommendation:**

Based on the information provided above, it is recommended that the Board of Supervisors authorize the Chair to execute the amendment to the Joint Powers Agreement of Public Risk Innovation, Solutions and Management.

**BEFORE THE BOARD OF SUPERVISORS  
LASSEN COUNTY, STATE OF CALIFORNIA**

**RESOLUTION NO. 26-\_\_\_\_\_**

**IN THE MATTER OF AN AMENDMENT TO THE PUBLIC RISK INNOVATION,  
SOLUTIONS, AND MANAGEMENT JOINT POWERS AUTHORITY AGREEMENT**

**WHEREAS**, Lassen County is a voting member of the Public Risk Innovation, Solutions, and Management ("PRISM") Board of Directors and PRISM has proposed amendments to the Joint Powers Authority Agreement; and

**WHEREAS**, the proposed changes include an amendment to the number of voting members of the Board of Directors and a change in the number of members serving on the Executive Committee; and

**WHEREAS**, additional changes to the Agreement have been made to conform to the current business operations and update terminology;

**NOW, THEREFORE, BE IT RESOLVED** as follows:

1. The Board of Supervisors approves the amendments to the Joint Powers Agreement.
2. The Board of Supervisors authorizes the Chairman to execute the amended Joint Powers Agreement.

The foregoing Resolution was adopted at a regular meeting of the Board of Supervisors of the County of Lassen, State of California, held on the 23rd day of June 2026 by the following vote:

AYES: \_\_\_\_\_

NOES: \_\_\_\_\_

ABSTAIN: \_\_\_\_\_

ABSENT: \_\_\_\_\_

\_\_\_\_\_  
CHAIRMAN OF THE BOARD OF SUPERVISORS  
COUNTY OF LASSEN, STATE OF CALIFORNIA

ATTEST:  
JULIE BUSTAMANTE  
Clerk of the Board

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BY: MICHELE YDERRAGA, Deputy Clerk of the Board

I, MICHELE YDERRAGA, Deputy Clerk of the Board of the Board of Supervisors, County of Lassen, do hereby certify that the foregoing resolution was adopted by the said Board of Supervisors at a regular meeting thereof held on the 23rd day of June, 2026.

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Deputy Clerk of the County of Lassen  
Board of Supervisors

# **Public Risk Innovation, Solutions, and Management (“PRISM”) Summary of Proposed Redline Changes to the Joint Powers Agreement March 2026**

## **Background/Reasons for Proposed Amendments to the JPA Agreement**

At the 2022 Executive Committee Strategic Planning Retreat, the attendees considered the issue of whether to revisit PRISM's governance. The discussion largely centered around the idea that public entities have been members of the organization since 2001, have participated in governance of the organization by serving on PRISM Committees, and approximately ½ of the contributions made to PRISM each year are from the public entity members while the other ½ is from counties. It was felt by the group that the organization should reconsider the size and function of the Board of Directors, including what it delegates to others and whether to eliminate the distinction between counties and public entity members in the governance process. The composition of the Executive Committee was also discussed.

The results of that discussion were then presented to the Executive Committee in December 2022 with the Executive Committee then delegating authority to the Governance Sub-Committee to review the matter and propose amendments to the governance structure. The Governance Sub-Committee then brought forth proposed changes to address these issues which have since been approved by the Executive Committee and the Board of Directors. The proposed governance changes reflected in the amendment to the JPA Agreement are as follows:

- Increase the number of public entity seats on the Board to 20 (17 voting and 3 alternates). This will allow more public entities to have an opportunity to participate in governance at the Board level. Counties will retain their 54 seats on the Board (each member County has a seat on the Board).
- Increase the number of seats on the Executive Committee by 4 (2 voting and 2 alternates). This will allow 2 more members to participate in the day-to-day governance tasks that the Executive Committee performs and will also create a pipeline for future Executive Committee members by including 2 alternate positions.

## **Non-Substantive Changes**

In reviewing the JPA Agreement for the proposed governance changes, staff noted some other places in the documents where it makes sense to make some changes to reflect current processes and/or clarify language. These proposed changes are generally described below.

## Amendments

### Changes relating to the composition of the Board of Directors and the Executive Committee:

Article 7(b) – Amends the number of Public Entity Director seats on the Board of Directors from 7 to 17 with an additional 3 alternates being selected to serve if one of the 17 voting members is unavailable. Also allows for an “agent” of a Public Entity member to serve as a Director.

Article 7(c) – This paragraph is deleted since the addition of the 10 additional Public Entity voting seats on the Board of Directors would result in the percentage of total board seats for counties being 76%, rather than at least 80%.

Article 11 – The first paragraph contains amendments to the number of members of the Executive Committee to allow for more opportunities for members to participate in the day-to-day oversight of PRISM. The number of members is increased from 11 voting members to 13 voting members plus two alternates.

### Miscellaneous changes relating to clean up items and changes to coincide with our current practices and future vision (all references to page numbers below refer to the attached redline version of the document):

A few changes have been made throughout the document at each place where the word or phrase appears. These are as follows:

- The word “insurance” is deleted throughout and changed to “coverage” because pools are not treated as insurance by the California legislature so it is cleaner for the organization to remove the word “insurance” from the Agreement and to change it to the word “coverage.”
- References to “Major Programs” and “Minor Programs/Miscellaneous Programs” have been changed to simply call all of them “Programs” or “PRISM Coverage Programs”. This is being done because the Executive Committee eliminated the distinction between “Major” and “Minor Programs/Miscellaneous Programs” in 2025.
- Addition of the term “Executive Committee or other program governing committee” has been added throughout the document to reflect current PRISM practices. The Executive Committee has previously had various areas of governance delegated to it so that is now being reflected throughout the document. In addition, the program governance committees have total authority to make decisions regarding their own programs so the addition of the phrase “program governing committee” documents this practice.
- “Member County” as a defined term is updated throughout the document.

Page 1, Preamble – The reference to CSAC Excess Insurance Authority being formed under the sponsorship of CSAC is being deleted as it is not necessary.

Page 2, Article 1, Creation of PRISM – This section is not new. The language is simply being moved from Article 5 to Article 1 so that “Creation of PRISM” is the first action in the document.

Page 2 – “CSAC” Definition – This definition is being removed since the removal of the CSAC name from the Preamble means that it is no longer necessary for this definition to be in the document.

Page 5, Article 6(g) – Streamlines the language as the references to “non-members” is unnecessary.

Article 8(n) – This subsection talks about the distribution of surplus assets. Because deficits could happen, and Program Memorandums of Understanding contain information on collecting funds from the membership when there is a deficit, the last sentence has been added to account for the deficit situation.

Article 14(a) – The specific coverage program types are being deleted as there are other types of coverage that are currently being provided by the organization in addition to the ones listed in this subsection and new lines of coverage are created when needed. There is no need to specifically list lines of coverage in this subsection.

Article 14(b) – The sentence regarding the Board allocating a share of a PRISM general expense to members who join a program after its creation is deleted because the Board eliminated this practice over 10 years ago.

Article 14(b)(2)(i) – This subsection is deleted as it is introductory and unnecessary.

Article 14 and Article 22 – Throughout Article 14 and Article 22, the phrase “premium surcharge” is replaced with the phrase “assessment” as the programs would levy assessments of the members of the program if a program does not have sufficient funds.

Article 14(d) and Article 19 – The changes in this subsection reflect how the organization has operated for many years as the Board has previously delegated authority to the Executive Committee to make decisions on entry into the various PRISM programs.

Article 17(a) – A sentence is added to reflect current practices of the County members who typically either make their appointment to the PRISM Board of Directors based on the name of the individual or the title of the position.

Article 20(b) – The addition at the end of the last sentence is to account for the different withdrawal provisions that exist for the PRISMHealth Program as a lengthier period of notice is needed to ensure that everything can be moved to another health insurance provider when a member leaves the program.

Article 21(a) – The cancellation of a member's membership in PRISM is changed to require a 2/3 vote, rather than a majority vote.

Article 21(b) – Since the program governing committees oversee the membership of their programs, this language is added to specify that the program governing committee is the committee that can cancel an entity's membership in a specific program.



Adopted: October 5, 1979  
Amended: May 12, 1980  
Amended: January 23, 1987  
Amended: October 7, 1988  
Amended: March 1993  
Amended: November 18, 1996  
Amended: October 4, 2005  
Amended: February 28, 2006  
Amended: June 30, 2020  
Amended: June 30, 2026

## JOINT POWERS AGREEMENT PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT

This Agreement is executed in the State of California by and among those counties and public entities organized and existing under the Constitution of the State of California, which are parties signatory to this Agreement. ~~Public Risk Innovation, Solutions, and Management (referred to herein as PRISM), formerly known as CSAC Excess Insurance Authority, was formed under the sponsorship of CSAC.~~ California counties, hereinafter called member counties, and public entities, hereinafter called member public entities, (collectively "members") shall be listed in Appendix A, which shall be attached hereto and made a part hereof.

**Commented [MP1]:** Deleting as the document does not need a reference to the former name.

### RECITALS

**WHEREAS**, Article 1, Chapter 5, Division 7, Title 1 of the California Government Code (Section 6500 et seq.) permits two or more public agencies by agreement to exercise jointly powers common to the contracting parties; and

**WHEREAS**, Article 16, Section 6 of the California Constitution provides that insurance pooling arrangements under joint exercise of power agreements shall not be considered the giving or lending of credit as prohibited therein; and

**WHEREAS**, California Government Code Section 990.4 provides that a local public entity may self-insure, purchase insurance through an authorized carrier, or purchase insurance through a surplus line broker, or any combination of these; and

**WHEREAS**, pursuant to California Government Code Section 990.6, the cost of insurance provided by a local public entity is a proper charge against the local public entity; and

**WHEREAS**, California Government Code Section 990.8 provides that two or more local entities may, by a joint powers agreement, provide insurance for any purpose by any one or more of the methods specified in Government Code Section 990.4 and such pooling of self-insured claims or losses is not considered insurance nor subject to regulation under the Insurance Code; and

**WHEREAS**, the counties and public entities executing this Agreement desire to join together for the purpose of jointly funding and/or establishing excess and other ~~insurance coverage~~ programs as determined;

**Commented [MP2]:** Replacing "insurance" with the word "coverage" throughout the document since JPAs are not "insurance".

NOW THEREFORE, the parties agree as follows:

**ARTICLE 1  
CREATION OF PRISM**

~~Pursuant to the joint powers law, there is hereby created a public entity separate and apart from the parties hereto, to be known as Public Risk Innovation, Solutions, and Management ("PRISM"), with such powers as are hereinafter set forth.~~

**Commented [MP3]:** Moved from a later place in the document to introduce the creation of the organization earlier in the document.

**ARTICLE 12  
DEFINITIONS**

~~"CSAC" shall mean the County Supervisors Association of California, dba California State Association of Counties.~~

**Commented [MP4]:** This is unnecessary as there is no longer a reference to CSAC anywhere in the document.

"Board of Directors" or "Board" shall mean the governing body of PRISM.

"Claim" shall mean a claim made against a member arising out of an occurrence, ~~which that~~ is covered by an excess or primary ~~insurance coverage~~ program of PRISM in which the member is a participant.

"Executive Committee" shall mean the Executive Committee of the Board of Directors of PRISM.

"Fiscal year" shall mean that period of twelve months ~~which that~~ is established by the Board of Directors as the fiscal year of PRISM.

"Government Code" shall mean the California Government Code.

"Insurance program" or "program" shall mean a program ~~which has been designated as a major program of PRISM~~ under which participating members are protected against designated losses, either through joint purchase of primary or excess insurance ~~or reinsurance~~, pooling of self-insured claims or losses, purchased insurance ~~or reinsurance~~, or any other combination as determined by the ~~Board of Directors~~ Executive Committee or other program governing committee. The Board of Directors, the Executive Committee, or a program's governing committee may determine applicable criteria for determining eligibility in any ~~insurance~~ program, as well as establishing program policies and procedures.

**Commented [MP5]:** The Executive Committee recently decided to call all programs simply "programs", rather than calling them "major programs" or "miscellaneous programs."

"Joint powers law" shall mean Article 1, Chapter 5, Division 7, Title 1 (commencing with Section 6500) of the Government Code.

"Loss" shall mean a liability or potential liability of a member, including litigation expenses, attorneys' fees and other costs, ~~which that~~ is covered by ~~an insurance~~ program of PRISM in which the member is a participant.

"**Member County**" shall mean any county in the State of California ~~which that~~ has executed this Agreement and become a member of PRISM. "Member County" shall also include those entities or other bodies set forth in Article 3 (c).

"**Member Public Entity**" shall mean any California public entity, which is not a California county, ~~which that~~ has executed this Agreement, and become a member of PRISM. "Member Public Entity" shall also include those entities or other bodies set forth in Article 3(c).

~~"Miscellaneous Program" is an insurance program of PRISM that does not involve pooling of self-insured claims or losses and may be made available to members as well as non-member public entities that are not a party to this Agreement.~~

"**Occurrence**" shall mean an event, which is more fully defined in the memorandums of coverage and/or policies ~~or reinsurance agreements of an insurance~~ program, in which the participating county or participating public entity is a member.

"**Participating county**" shall mean any ~~M~~member ~~C~~county ~~which that~~ has entered into a program offered by PRISM pursuant to Article 14 of this Agreement and has not withdrawn or been canceled therefrom pursuant to Articles 20 or 21.

"**Participating public entity**" shall mean any ~~M~~member ~~P~~public ~~E~~entity ~~which that~~ has entered into a program offered by PRISM pursuant to Article 14 of this Agreement and has not withdrawn or been canceled therefrom pursuant to Articles 20 or 21.

"**Self-insured retention**" shall mean that portion of a loss resulting from an occurrence experienced by a member, ~~which that~~ is retained as a liability or potential liability of the member and is not subject to payment by PRISM.

"**Reinsurance**" shall mean insurance ~~or reinsurance~~ purchased by PRISM as part of an ~~insurance~~ program to cover that portion of any loss ~~that which~~ exceeds the joint funding capacity of that program.

## **ARTICLE 23 PURPOSES**

This Agreement is entered into by the ~~M~~member ~~C~~counties and ~~M~~member ~~P~~public ~~E~~entities in order to jointly develop and fund ~~insurance coverage~~ programs ~~as determined~~. Such programs may include, but are not limited to, the creation of ~~joint insurance funds~~ ~~pooled risk programs~~, including primary and excess ~~insurance coverage~~ ~~programs~~ ~~funds~~, the pooling of self-insured claims and losses, purchased insurance ~~or~~ ~~including~~ reinsurance, and the provision of necessary administrative services. Such administrative services may include, but shall not be limited to, risk management consulting, loss prevention and control, centralized loss reporting, actuarial consulting, claims adjusting, and legal ~~defense~~ services.

## **ARTICLE 34 PARTIES TO AGREEMENT**

- (a) There shall be two classes of membership of the parties pursuant to this Agreement consisting of one class designated as Member Counties and another class designated as Member Public Entities.
- (b) Each ~~M~~member ~~C~~ounty and ~~M~~member ~~P~~ublic ~~E~~ntity, as a party to this Agreement, certifies that it intends to and does contract with all other members as parties to this Agreement and, with such other members as may later be added as parties to this Agreement pursuant to Article 19 as to all programs of which it is a participating member. Each member also certifies that the removal of any party from this Agreement, pursuant to Articles 20 or 21, shall not affect this Agreement or the member's obligations hereunder.
- (c) A member for purposes of participating in or providing insurance coverage under any program of PRISM, may contract on behalf of, and shall be deemed to include:
- Any public entity as defined in Government Code § 811.2 which the member requests to be added and from the time that such request is approved by the Executive Committee of PRISM.
- Any nonprofit entity, including a nonprofit public benefit corporation formed pursuant to Corporations Code §§ 5111, 5120 and, 5065, which the member requests to be added and from the time that such request is approved by the Executive Committee.
- (d) Any public entity or nonprofit so added shall be subject to and included under the member's SIR or deductible, and when so added, may be subject to such other terms and conditions as determined by the Executive Committee.
- (e) Such public entity or nonprofit shall not be considered a separate party to this Agreement. Any public entity or nonprofit so added, shall not affect the member's representation on the Board of Directors and shall be considered part of and represented by the member for all purposes under this Agreement.
- (f) The Executive Committee shall establish guidelines for approval of any public entity or nonprofit so added in accordance with Article ~~34~~(c) and (d).
- (g) Should any conflict arise between the provisions of this Article and any applicable Memorandum of Coverage or other document evidencing coverage, such Memorandum of Coverage or other document evidencing coverage shall prevail.

**ARTICLE 45**  
**TERM**

This Agreement shall continue in effect until terminated as provided herein.

#### **ARTICLE 5 CREATION OF PRISM**

~~— Pursuant to the joint powers law, there is hereby created a public entity separate and apart from the parties hereto, to be known as Public Risk Innovation, Solutions, and Management ("PRISM"), with such powers as are hereinafter set forth.~~

Commented [MP6]: Moved to earlier in the document.

#### **ARTICLE 6 POWERS OF PRISM**

PRISM shall have all of the powers common to General Law counties in California, such as Alpine County and all additional powers set forth in the joint powers law, and is hereby authorized to do all acts necessary for the exercise of said powers. Such powers include, but are not limited to, the following:

- (a) To make and enter into contracts.
- (b) To incur debts, liabilities, and obligations.
- (c) To acquire, hold, or dispose of property, contributions and donations of property, funds, services, and other forms of assistance from persons, firms, corporations, and government entities.
- (d) To sue and be sued in its own name, and to settle any claim against it.
- (e) To receive and use contributions and advances from members as provided in Government Code Section 6504, including contributions or advances of personnel, equipment, or property.
- (f) To invest any money in its treasury that is not required for its immediate necessities, pursuant to Government Code Section 6509.5.
- (g) To allow ~~non-member public entities and non-member counties to participate in Miscellaneous Programs and~~ for risk management services to be provided to ~~non-member counties and non-member public entities including~~ out-of-state participants in a PRISM program.
- (h) To carry out all provisions of this Agreement.

Said powers shall be exercised pursuant to the terms hereof and in the manner provided by law.

#### **ARTICLE 7 BOARD OF DIRECTORS**

PRISM shall be governed by the Board of Directors, which shall be composed as follows:

- (a) One director from each ~~M~~member ~~C~~county, appointed by the ~~M~~member ~~C~~county's board of supervisors and serving at the pleasure of that body. Each ~~M~~member ~~C~~county's board of supervisors shall also appoint an alternate director who shall have the authority to attend, participate in and vote at any meeting of the Board of Directors when the director is absent. A director or alternate director shall be a county supervisor, other county official, ~~or~~ staff person of the ~~M~~member ~~C~~county, ~~or agent~~ and upon termination of office or employment with the ~~Member C~~county ~~or agency relationship~~, shall automatically terminate membership or alternate membership on the Board of Directors.
- (b) ~~Ten~~ ~~Twenty~~ directors consisting of seven ~~teen~~ directors and three alternate directors chosen in the manner specified in the Bylaws from those participating as ~~Member P~~public ~~E~~ntities ~~y~~ members. A director or alternate public entity director shall be an official, or staff person, ~~or agent~~ of the ~~Member P~~public ~~E~~ntity ~~member~~, and upon termination of office ~~or~~ employment, ~~or agency relationship~~ with the ~~Member P~~public ~~E~~ntity, shall automatically terminate membership or alternate membership on the Board of Directors.
- (c) ~~Member county directors shall consist of a minimum of 80% of the eligible voting members on the Board of Directors. The public entity member directors shall be reduced accordingly to ensure at least 80% of the Board of Directors consists of county director members (By way of example, if the number of county members is reduced from the current 54 by member withdrawals to a level of 28, then county members would be at the 80% level, 28/35. If the county members go to 27, then the public entity members would lose one seat and would only have 6 votes).~~

Any vacancy in a county director or alternate director position shall be filled by the appointing county's board of supervisors, subject to the ~~p~~Provisions of this Article. Any vacancy in a public entity director position shall be filled by vote of the public entity members.

A majority of the membership of the Board of Directors shall constitute a quorum for the transaction of business. Each member of the Board of Directors shall have one vote. Except as otherwise provided in this Agreement or any other duly executed agreement of the members, all actions of the Board of Directors shall require the affirmative vote of a majority of the members; provided, that any action which is restricted in effect to one of PRISM's insurance programs, shall require the affirmative vote of a majority of those Board of Directors members who represent counties and public entities participating in that program. For purposes of an insurance program vote, to the extent there are public entity members participating in a program, the public entity Board of Directors members as a whole shall have a minimum of one vote. The public entity Board of

Directors members may in no event cast more votes than would constitute 20% of the number of total county members in that program (subject to the one vote minimum). Should the number of public entity Board of Directors votes authorized herein be less than the number of public entity Board of Directors members at a duly noticed meeting, the public entity Board of Directors members shall decide among themselves, which Board of Directors member shall vote. Should they be unable to decide, the President of PRISM shall determine which director(s) shall vote.

### **ARTICLE 8 POWERS OF THE BOARD OF DIRECTORS**

The Board of Directors shall have the following powers and functions:

- (a) The Board of Directors shall exercise all powers and conduct all business of PRISM, either directly or by delegation to other bodies or persons unless otherwise prohibited by this Agreement, or any other duly executed agreement of the members or by law.
- (b) The Board of Directors may adopt such resolutions as deemed necessary in the exercise of those powers and duties set forth herein.
- (c) The Board of Directors shall form an Executive Committee, as provided in Article 11. The Board of Directors may delegate to the Executive Committee and the Executive Committee may discharge any powers or duties of the Board of Directors except adoption of PRISM's annual budget. The powers and duties so delegated shall be specified in resolutions adopted by the Board.
- (d) The Board of Directors or Executive Committee may form, as provided in Article 12, such other committees as it deems appropriate to conduct the business of PRISM. The membership of any such other committee may consist in whole or in part of persons who are not members of the Board of Directors.
- (e) The Board of Directors shall elect the officers of PRISM and shall appoint or employ necessary staff in accordance with Article 13.
- (f) The Board of Directors shall cause to be prepared, and shall review, modify as necessary, and adopt the annual operating budget of PRISM. Adoption of the budget may not be delegated.
- (g) The Board of Directors shall develop, or cause to be developed, and shall ~~review, modify as necessary, and adopt~~ oversee each insurance program of PRISM, including all provisions for self-insurance, pooling, excess or reinsurance, and administrative services necessary to carry out such program.

- (h) The Board of Directors, directly or through the Executive Committee, shall provide for necessary services to PRISM and to members, by contract or otherwise, which may include, but shall not be limited to, risk management consulting, loss prevention and control, centralized loss reporting, actuarial consulting, claims adjusting, and legal services.
- (i) The Board of Directors, directly or through the Executive Committee, shall provide general supervision and policy direction to the Chief Executive Officer.
- (j) The Board of Directors shall receive and act upon reports of the committees and the Chief Executive Officer.
- (k) The Board of Directors shall act upon each claim involving liability of PRISM, directly or by delegation of authority to the Executive Committee or other committee, body or person, provided, that the Board of Directors shall establish monetary limits upon any delegation of claims settlement authority, beyond which a proposed settlement must be referred to the Board of Directors for approval.
- (l) The Board of Directors, directly or through the Executive Committee or other committee, may require that PRISM review, audit, report upon, and make recommendations with regard to the safety or claims administration functions of any member, insofar as those functions affect the liability or potential liability of PRISM. The Board of Directors, Executive Committee, or other committee may forward any or all such recommendations to the member with a request for compliance and a statement of potential consequences for noncompliance.
- (m) The Board of Directors shall receive, review and act upon periodic reports and audits of the funds of PRISM, as required under Articles 15 and 16 of this Agreement.
- (n) The Board of Directors, directly or through the Executive Committee or program committee, may, ~~upon consultation with a casualty actuary~~, declare that any funds established for any program has a surplus of funds and determine a formula to return such surplus to the participating counties and participating public entities, which have contributed, to such fund. Likewise, the Board, Executive Committee or program committee may declare that funds established for any program has a deficit of funds and determine a formula to collect additional funds from the participating counties and participating public entities, which have contributed to such fund.
- (o) The Board of Directors, directly or through the Executive Committee, shall have such other powers and duties as are reasonably necessary to carry out the purposes of PRISM.

**Commented [MP7]:** Program MOUs contain information on collecting funds from the membership when there is a deficit. Since this provision sets forth provisions for distributing surplus, we are adding in the deficit situation as well

## ARTICLE 9

**MEETINGS OF THE BOARD OF DIRECTORS**

- (a) The Board of Directors shall hold at least one regular meeting each year and shall provide for such other regular meetings and for such special meetings as it deems necessary.
- (b) The Chief Executive Officer of PRISM shall provide for the keeping of minutes of regular and special meetings of the Board of Directors, and shall provide a copy of the minutes to each member of the Board of Directors at the next scheduled meeting.
- (c) All meetings of the Board of Directors, the Executive Committee and such other committees ~~as established by the Board of Directors~~ pursuant to Article 12 herein, shall be called, noticed, held and conducted in accordance with the provisions of Government Code Section 54950 et seq.

**ARTICLE 10  
OFFICERS**

The Board of Directors shall elect from its membership a President and Vice President of the Board, to serve for one-year terms.

The President, or in his or her absence, the Vice President, shall preside at and conduct all meetings of the Board of Directors and shall chair the Executive Committee.

**ARTICLE 11  
EXECUTIVE COMMITTEE**

The Board of Directors shall establish an Executive Committee of the Board of Directors, which shall consist of ~~eleven-fifteen~~ members: the President and Vice President of the Board of Directors, and nineeleven voting members, and two alternates elected by the Board of Directors from its membership.

The terms of office of the ~~nine~~-eleven non-officer members shall be as provided in the Bylaws of PRISM.

The Executive Committee shall conduct the business of PRISM between meetings of the Board of Directors, exercising all those powers as provided for in Article 8, or as otherwise delegated to it by the Board.

**ARTICLE 12  
COMMITTEES**

The Board of Directors, directly or through the Executive Committee, may establish committees; as it deems appropriate to conduct the business of PRISM. Members of the committees shall be appointed by the ~~Board of Directors~~ Executive Committee, ~~to serve two-year terms, subject to reappointment by the Board of Directors.~~

~~The members of each~~ Each committee shall annually select one of their members to chair the Committee.

Each committee shall be composed of at least five members and shall have those duties as determined by the Board of Directors, Executive Committee, or as otherwise set forth in the Bylaws.

Each committee shall meet on the call of its chair, and shall report to the Executive Committee and the Board of Directors ~~as directed by the Board of Directors~~.

### ARTICLE 13 STAFF

- (a) **Principal Staff.** The Chief Executive Officer shall be appointed by and serve at the pleasure of the Board of Directors. The Chief Executive Officer shall serve as the Board Secretary and administer the business and activities of PRISM, subject to the general supervision and policy direction of the Board of Directors and Executive Committee; shall be responsible for all minutes, notices and records of PRISM and shall perform such other duties as are assigned by the Board and Executive Committee.
- (b) **Treasurer and Auditor.** Pursuant to Government Code Section 6505.6, the Chief Financial Officer shall serve as the Treasurer/Auditor. The duties of the Treasurer are set forth in Article 16 of this Agreement. The Chief Financial Officer shall draw warrants to pay demands against PRISM. The Chief Financial Officer shall comply with the provisions of Government Code Section 6505.5 (a-d) and shall be appointed by and serve at the pleasure of the Chief Executive Officer.
- (c) **Other Staff.** The Board of Directors, Executive Committee or Chief Executive Officer shall provide for the appointment of such other staff as may be necessary for the administration of PRISM.

### ARTICLE 14 DEVELOPMENT, FUNDING AND IMPLEMENTATION OF **INSURANCE** PROGRAMS

- (a) **Program Coverage.** ~~Insurance p~~Programs of PRISM may provide coverage, including excess insurance and/or reinsurance coverage, or services for any Member County or Member Public Entity risk the Board of Directors or Executive Committee.:
  - (1) ~~Workers' compensation;~~
  - (2) ~~Comprehensive liability, including but not limited to general, personal injury, contractual, public officials errors and omissions, and incidental malpractice liability;~~

**Commented [MP8]:** Simplifying this to a basic description rather than listing various types of coverage programs.

- ~~(3) — Comprehensive automobile liability;~~
- ~~(4) — Hospital malpractice liability;~~
- ~~(5) — Property and related programs;~~

~~and may provide any other coverages authorized by the Board of Directors. The Board of Directors shall determine, for each such program, a minimum number of participants required for program implementation and may develop specific program coverages requiring detailed agreements for implementation of the above programs.~~

- (b) **Program and PRISM Funding.** The members developing or participating in an ~~insurance~~ program shall fund all costs of that program, including administrative costs, as hereinafter provided. Costs of staffing and supporting PRISM, hereinafter called PRISM general expenses, shall be equitably allocated among the various programs by the Board of Directors, and shall be funded by the members developing or participating in such programs in accordance with such allocations, as hereinafter provided. ~~In addition, the Board of Directors may, in its discretion, allocate a share of such PRISM general expense to those members, which are not developing or participating in any program, and require those counties and public entities to fund such share through a prescribed charge.~~

**Commented [MP9]:** This allocation is not in use as it was eliminated by the Board over 10 years ago.

- (1) **Annual Premium.** Except as provided in (2) below, all post-development costs of an ~~insurance~~ program shall be funded by annual premiums charged to the members participating in the program each policy year, and by interest earnings on the funds so accumulated. Such premiums shall be determined by the ~~Board of Directors~~ Executive Committee or the program's governing committee upon the basis of a cost allocation plan and rating formula ~~developed~~ adopted by PRISM ~~with the assistance of a casualty actuary, risk management consultant, or other qualified person~~ the Executive Committee or the program's governing committee. The premium for each participating member shall include that participant's share of expected program losses including a margin for contingencies as determined by the ~~Board of Directors~~ Executive Committee or program governing committee, program reinsurance costs, and program administrative costs for the year, plus that participant's share of PRISM general expense allocated to the program by the Board of Directors.
- (2) **Premium Surcharge Assessments**
- (i) ~~If PRISM experiences an unusually large number of losses under a program during a policy year, such that notwithstanding reinsurance coverage for large individual losses, the joint insurance funds for the program may be exhausted before the next annual premiums are due, the~~

~~Board of Directors or the program's governing committee may, upon consultation with a casualty actuary, impose premium surcharges on all participating members; or~~

Commented [MP10]: Deleting this introductory paragraph as unnecessary.

~~(iii)~~ If it is determined by the Board of Directors or the program's governing committee, ~~upon consultation with a casualty actuary,~~ that the ~~joint insurance funds~~ funding for a program ~~are~~ is insufficient to pay losses, fund known estimated losses, and fund estimated losses, which have been incurred but not reported, the Board of Directors or the program's governing committee may ~~impose a surcharge~~ declare an assessment on all participating members of the program.

(iii) ~~Premium surcharges~~ Assessments declared ~~imposed~~ pursuant to (i) ~~and/or~~ (ii) above shall be in an amount which will assure adequate funds for the program to be actuarially sound; provided that the ~~surcharge~~ assessment to any participating member shall not exceed an amount equal to three (3) times the member's annual premium for that year, unless otherwise determined by the Board of Directors or the program's governing committee.

Provided, however, that ~~no if an~~ premium surcharge assessment ~~is~~ in excess of three times the member's annual premium for that year, ~~may be assessed unless,~~ ninety days prior to the Board of Directors or program's governing committee taking action to determine the amount of the ~~surcharge~~ assessment, PRISM ~~will notify~~ notifies the governing body of each participating member, in writing, of its recommendations regarding its intent to ~~assess a premium surcharge~~ declare an assessment and the amount recommended to be assessed each member. ~~PRISM shall, concurrently with the written notification, provide each participating member with a copy of the actuarial study upon which the recommended premium surcharge is based.~~

(iii) ~~v~~ A member ~~which that~~ is no longer a participating member at the time the ~~premium surcharge is assessed~~ assessment is declared, but ~~which~~ was a participating member during the policy year(s) for which the ~~premium surcharge was assessed~~ assessment is needed, shall ~~be required to pay such its share of the premium surcharge~~ assessment as it would have otherwise been assessed in accordance with the provisions of (i) ~~and~~; (ii), ~~and~~ (iii) above.

(c) **Program Implementation and Effective Date.** Upon establishment of an ~~insurance~~ program by the Board of Directors or Executive Committee, PRISM shall determine the manner of program implementation and shall

give written notice to all members of such program, which shall include, but not be limited to: program participation levels, coverages and terms of coverage of the program, estimates of first year premium charges, effective date of the program (or estimated effective date) and such other program provisions as deemed appropriate.

- (d) **Late Entry Into Program.** A member which does not elect to enter an ~~insurance~~ program upon its implementation, pursuant to (c) above, or a county or public entity which becomes a party to this Agreement following implementation of the program, may ~~petition the Board of Directors for late entry into the program~~ make application to apply to the Executive Committee or program's governing committee for entry into the program. ~~Such request may be granted upon a majority vote of the Executive Committee or program committee. Such request may be granted upon a majority vote of the Board of Directors members, plus a majority vote of those board members who represent participants in the program. Alternatively, a county or public entity may petition the Executive Committee for late entry into the program, or a program committee, when authorized by an MOU governing that specific program, may approve late entry into that program. Such request may be granted upon a majority vote of the Executive Committee or program committee.~~ Such application shall be considered for approval by the Executive Committee or program governing committee.
- (e) **Reentry Into A Program.** Except as otherwise provided in a Program Memorandum of Understanding, any county or public entity that is a member of an ~~insurance~~ program of PRISM who withdraws or is cancelled from an ~~insurance~~ program under Articles 21 and 22, may not reenter such ~~insurance~~ program for a period of three years from the effective date of withdrawal or cancellation.

**Commented [MP11]:** These changes reflect how the organization currently functions.

## ARTICLE 15 ACCOUNTS AND RECORDS

- (a) **Annual Budget.** ~~PRISM~~ The Board of Directors shall annually adopt an operating budget pursuant to Article 8 of this Agreement, which shall include a separate budget for each ~~insurance~~ program under development or adopted and implemented by PRISM.
- (b) **Funds and Accounts.** The ~~Auditor~~ Chief Financial Officer ("CFO") of PRISM shall establish and maintain such funds and accounts as may be required by good accounting practices and by the Board of Directors. Separate accounts shall be established and maintained for each ~~insurance~~ program under development or adopted and implemented by PRISM. Books and records of PRISM ~~in the hands of the Auditor~~ shall be

open to inspection at all reasonable times by authorized representatives of members.

PRISM shall adhere to the standard of strict accountability for funds set forth in Government Code Section 6505.

- (c) **Auditor's CFO's Report.** The ~~Auditor~~CFO, within one hundred and eighty (180) days after the close of each fiscal year, shall give a complete written report of all financial activities for such fiscal year to the Board and to each member.
- (d) **Annual Audit.** Pursuant to Government Code Section 6505, PRISM shall either make or contract with a certified public accountant to make an annual fiscal year audit of all accounts and records of PRISM, conforming in all respects with the requirements of that section. A report of the audit shall be filed as a public record with each of the members and also with the county auditor of the county where the home office of PRISM is located and shall be sent to any public agency or person in California that submits a written request to PRISM. The report shall be filed within six months of the end of the fiscal year or years under examination. Costs of the audit shall be considered a general expense of PRISM.

#### **ARTICLE 16 RESPONSIBILITIES FOR FUNDS AND PROPERTY**

- (a) The Treasurer shall have the custody of and disburse PRISM's funds. He or she may delegate disbursing authority to such persons as may be authorized by the ~~Board of Directors~~Executive Committee to perform that function, subject to the requirements of (b) below.
- (b) Pursuant to Government Code Section 6505.6, the Treasurer shall:
  - (1) Receive and acknowledge receipt for all funds of PRISM and place them in the treasury of the Treasurer to the credit of PRISM.
  - (2) Be responsible upon his or her official bond for the safekeeping and disbursements of all PRISM funds so held by him or her.
  - (3) Pay any sums due from PRISM, as approved for payment by the ~~Board of Directors~~Executive Committee or by any body or person to whom the ~~Board of Directors~~Executive Committee has delegated approval authority, making such payments from PRISM funds upon warrants drawn by the ~~Auditor~~CFO.
- (c) Pursuant to Government Code Section 6505.1, the Chief Executive Officer, the Treasurer, and such other persons as the ~~Board of Directors~~Executive Committee may designate shall have charge of, handle, and have access to the property of PRISM.

- (d) PRISM shall secure and pay for a fidelity bond or bonds or crime insurance, in an amount or amounts and in the form specified by the ~~Board of Directors~~ Executive Committee, covering all officers and staff of PRISM, and all officers and staff who are authorized to have charge of, handle, and have access to property of PRISM.

#### ARTICLE 17 RESPONSIBILITIES OF MEMBERS

Members shall have the following responsibilities under this Agreement.

- (a) The board of supervisors of each ~~Member~~ County shall appoint a representative and one alternate representative to the Board of Directors, pursuant to Article 7. The Board of Supervisors may appoint by individual or by position.
- (b) Each member shall appoint an officer or employee of the member to be responsible for the risk management function for that member and to serve as a liaison between the member and PRISM for all matters relating to risk management.
- (c) Each member shall maintain an active risk prevention and control program, and shall consider and act upon all recommendations of PRISM concerning the reduction of unsafe practices.
- (d) Each member shall maintain its own claims and loss records in each category of liability covered by an ~~insurance~~ program of PRISM in which the member is a participant, and shall provide copies of such records to PRISM as directed by the ~~Board of Directors or Executive Committee or program governing committee, or to such other committee as directed by the Board of Directors or Executive Committee.~~
- (e) Each member shall pay premiums and ~~premium surcharges~~ assessments due to PRISM as required under Article 14. Penalties for late payment of such premiums and/or ~~premium surcharges~~ assessments shall be as determined ~~and assessed by the Board of Directors, the Executive Committee.~~ After withdrawal, cancellation, or termination action under Articles 20, 21, or 23, each member or former member shall pay promptly to PRISM any additional premiums due, as determined and assessed by the ~~Board of Directors~~ Executive Committee or other Program governing committee under Articles 22 or 23. Any costs incurred by PRISM associated with the collection of such premiums or other charges, shall be recoverable by PRISM.
- (f) Each member shall provide PRISM such other information or assistance as may be necessary for PRISM to develop and implement ~~insurance~~ programs under this Agreement.

- (g) Each member shall cooperate with and assist PRISM, and any insurer ~~or reinsurer~~ of PRISM, in all matters relating to this Agreement, and shall comply with all Bylaws, and other rules ~~adopted~~ by the Board of Directors, Executive Committee or program governing committee.
- (h) Each member shall have such other responsibilities as are provided elsewhere in this Agreement, and as are established by the Board of Directors, Executive Committee or program governing committee in order to carry out the purposes of this Agreement.

#### ARTICLE 18 ADMINISTRATION OF CLAIMS

- (a) Subject to subparagraph (e), each member shall be responsible for the investigation, settlement or defense, and appeal of any claim made, suit brought, or proceeding instituted against the member arising out of a loss.
- (b) PRISM may develop standards for the administration of claims for each ~~insurance~~ program of PRISM so as to allow PRISM to oversee the permit oversight of the administration of claims by the members.
- (c) Each participating member shall give PRISM timely written notice of claims in accordance with the provisions of the Bylaws and the applicable program Memorandum of Coverage.
- (d) A member shall not enter into any settlement involving liability of PRISM without the advance written consent of PRISM.
- (e) PRISM, at its own election and expense, shall have the right to participate with a member in the settlement, defense, or appeal of any claim, suit or proceeding, which, in the judgment of PRISM, may involve liability of PRISM.

#### ARTICLE 19 NEW MEMBERS

Any California county or public entity may become a party to this Agreement ~~and participate in any insurance program in which it is not presently participating~~ upon approval ~~of by~~ the Board of Directors, ~~by a majority vote of the members, or by majority vote of the~~ Executive Committee.

**Commented [MP12]:** This change reflects how the organization has operated for many years.

#### ARTICLE 20 WITHDRAWAL

- (a) A member may withdraw as a party to this Agreement upon thirty (30) days advance written notice to PRISM if it has never become a participant in any ~~insurance~~ program pursuant to Article 14, or if it has previously withdrawn from all ~~insurance~~ programs in which it was a participant.

- (b) After becoming a participant in an ~~insurance~~ program, a member may withdraw from that program only at the end of a policy year for the program, and only if it gives PRISM at least sixty (60) days advance written notice of such action unless otherwise specified in a program Memorandum of Understanding.

**Commented [MP13]:** Language is necessary to accommodate the lengthier period of notice that is required in the PRISMHealth Program.

## ARTICLE 21 CANCELLATION

- (a) Notwithstanding the provisions of Article 20, ~~the Board of Directors may:~~
- (1) ~~The Board of Directors may, on a two-thirds vote, c~~Cancel any member from this Agreement and membership in PRISM, ~~on a majority vote of the Board of Directors~~. Such action shall have the effect of canceling the member's participation in all ~~insurance~~ programs of PRISM as of the date that all membership is canceled.
  - (2) ~~A program governing committee may c~~Cancel any member's participation in an ~~insurance~~ program of PRISM, without canceling the member's membership in PRISM or participation in other programs, on a vote of two-thirds of the ~~program governing committee~~ Board of Directors members present and voting who represent participants in the program.
- ~~The Board of Directors~~PRISM shall give sixty (60) days advance written notice of the effective date of any cancellation under the foregoing provisions. Upon such effective date, the member shall be treated the same as if it had voluntarily withdrawn from this Agreement, or from the ~~insurance~~ program, as the case may be.
- (b) Except as otherwise provided in a program Memorandum of Understanding, a member that does not enter one or more of the ~~insurance~~ programs developed and implemented by PRISM within the member's first year as a member of PRISM shall be considered to have withdrawn as a party to this Agreement at the end of such period, and its membership in PRISM shall be automatically canceled as of that time, without action of the Board of Directors.
- (c) A member which withdraws from all ~~insurance~~ programs of PRISM in which it was a participant and does not enter any program for a period of six (6) months thereafter shall be considered to have withdrawn as a party to the Agreement at the end of such period, and its membership in PRISM shall be automatically canceled as of that time, without action of the Board of Directors.

**ARTICLE 22**  
**EFFECT OF WITHDRAWAL OR CANCELLATION**

- (a) If a member's participation in an ~~insurance~~ program of PRISM is canceled under Article 21, with or without cancellation of membership in PRISM, and such cancellation is effective before the end of the policy year for that program, PRISM shall promptly determine and return to that member the amount of any unearned premium payment from the member for the policy year, such amount to be computed on a pro-rata basis from the effective date of cancellation.
- (b) Except as provided in (a) above or as otherwise provided in a program Memorandum of Understanding, a member which withdraws or is canceled from this Agreement and membership in PRISM, or from any program of PRISM, shall not be entitled to the return of any premium or other payment to PRISM, or of any property contributed to PRISM. However, in the event of termination of this Agreement, such member may share in the distribution of assets of PRISM to the extent provided in Article 23 provided; however, that any withdrawn or canceled member, which has ~~been assessed a premium surcharge~~ paid an assessment pursuant to Article 14 (b) (3) (ii) shall be entitled to return of said member's unused ~~surcharge~~ assessment, plus interest accrued thereon, at such time as the Board of Directors or program governing committee declares that a surplus exists in any ~~insurance fund~~ program for which an ~~assessment was made~~ premium surcharge was assessed.
- (c) Except as provided in (d) below, a member shall pay any premium charges, which the Board of Directors or program governing committee determines are due from the member for losses and costs incurred during the entire coverage year in which the member was a participant in such program regardless of the date of entry into such program. Such charges may include any deficiency in a premium previously paid by the member, as determined by audit under Article 14 (b) (2); any ~~premium surcharge assessed~~ assessment declared and attributed to the member under Article 14 (b) (3); and any additional amount of premium, which the ~~Board of Directors~~ Executive Committee determines to be due from the member upon final disposition of all claims arising from losses under the program during the entire coverage year in which the member was a participant regardless of date of entry into such program. Any such premium charges shall be payable by the member in accordance with PRISM's invoice and payment policy.
- (d) Those members that have withdrawn or been canceled pursuant to Articles 20 and 21 from any program of PRISM during a coverage year shall pay any premium charges which the Board of Directors or Executive Committee determines are due from the members for losses and costs which were incurred during the member's participation in any program.

~~(d)~~(e)

**ARTICLE 23**  
**TERMINATION AND DISTRIBUTION OF ASSETS**

- (a) A three-fourths vote of the total voting membership of PRISM, consisting of member counties, acting through their boards of supervisors, and the voting Board of Directors members from the member public entities, is required to terminate this Agreement; provided; however, that this Agreement and PRISM shall continue to exist after such election for the purpose of disposing of all claims, distributing all assets, and performing all other functions necessary to conclude the affairs of PRISM.
- (b) Upon termination of this Agreement, all assets of PRISM in each ~~insurance program~~ shall be distributed among those members ~~which that~~ participated in that program in proportion to their ~~cash premium~~ contributions, ~~including premiums paid and property contributed (at market value when contributed)~~. The Board of Directors shall determine such distribution within six (6) months after disposal of the last pending claim or other liability covered by the program.
- (c) Following termination of this Agreement, any member ~~which that~~ was a participant in an ~~insurance~~ program of PRISM shall pay any additional amount of premium, determined by the Board of Directors in accordance with a loss allocation formula, which may be necessary to enable final disposition of all claims arising from losses under that program during the entire coverage year in which the member was a participant regardless of the date of entry into such program.

**ARTICLE 24**  
**LIABILITY OF BOARD OF DIRECTORS, OFFICERS, COMMITTEE MEMBERS**  
**AND LEGAL ADVISORS**

The members of the Board of Directors, Officers, committee members and legal advisors to any Board of Directors or committees of PRISM shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. They shall not be liable for any mistake of judgment or any other action made, taken or omitted by them in good faith, nor for any action taken or omitted by any agent, employee or independent contractor selected with reasonable care, nor for loss incurred through investment of PRISM funds, or failure to invest.

No Director, Officer, committee member, or legal advisor to any Board of Directors or committee shall be responsible for any action taken or omitted by any other Director, Officer, committee member, or legal advisor to any committee. No Director, Officer, committee member or legal advisor to any committee shall be required to give a bond or other security to guarantee the faithful performance of their duties pursuant to this Agreement.

The funds of PRISM shall be used to defend, indemnify and hold harmless PRISM and any Director, Officer, committee member or legal advisor to any committee for their actions taken within the scope of the authority of PRISM. Nothing herein shall limit the right of PRISM to purchase insurance or reinsurance to provide such coverage, as is hereinabove set forth.

#### **ARTICLE 25 BYLAWS**

The Board of Directors may adopt Bylaws consistent with this Agreement, which shall provide for the administration and management of PRISM.

#### **ARTICLE 26 NOTICES**

PRISM shall address notices, billings and other communications to a member as directed by the member. Each member shall provide PRISM with the email address to which communications are to be sent. Members shall address notices and other communications to PRISM to the Chief Executive Officer of PRISM, at the office address of PRISM or via email, as set forth in the Bylaws.

#### **ARTICLE 27 AMENDMENT**

A two-thirds vote of the total voting membership of PRISM, consisting of member counties, acting through their boards of supervisors, and the voting Board of Directors members from member public entities, ~~is~~ required to amend this Agreement. However, the Executive Committee is authorized to make non-substantive, clerical amendments to the Agreement and does not need to obtain approval from the Board of Directors or total voting membership to make such amendments.

#### **ARTICLE 28 EFFECTIVE DATE OF AMENDMENTS**

Any amendment of this Agreement shall become effective upon the date specified by the Board of Directors and upon approval of any Amended Agreement as required in Article 27. Approval of any amendment by the voting boards of supervisors and public entity board members must take place no later than 30 days from the effective date specified by the Board of Directors.

#### **ARTICLE 29 PROHIBITION AGAINST ASSIGNMENT**

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

**ARTICLE 30  
AGREEMENT COMPLETE**

This Agreement constitutes the full and complete Agreement of the parties.

**ARTICLE 31  
DISPUTE RESOLUTION**

When a dispute arises between PRISM and a member, the following procedures are to be followed:

- (a) Request for Reconsideration. The member will make a written request to PRISM for the appropriate Committee to reconsider their position, citing the arguments in favor of the member and any applicable case law that applies. The member can also, request a personal presentation to that Committee, if it so desires.
- (b) Committee Appeal. The committee responsible for the program or having jurisdiction over the decision in question will review the matter and reconsider PRISM's position. This committee appeal process is an opportunity for both sides to discuss and substantiate their positions based upon legal arguments and the most complete information available. If the member requesting reconsideration is represented on the committee having jurisdiction, that committee member shall be deemed to have a conflict and shall be excluded from any vote.
- (c) Executive Committee Appeal. If the member is not satisfied with the outcome of the committee appeal, the matter will be brought to the Executive Committee for reconsideration upon request of the member. If the member requesting reconsideration is represented on the Executive Committee, that Executive Committee member shall be deemed to have a conflict and shall be excluded from any vote.
- (d) Arbitration. If the member is not satisfied with the outcome of the Executive Committee appeal, the next step in the appeal process is arbitration. The arbitration, whether binding or non-binding, is to be mutually agreed upon by the parties. The matter will be submitted to a mutually agreed arbitrator or panel of arbitrators for a determination. If Binding Arbitration is selected, then the decision of the arbitrator is final. Both sides agree to abide by the decision of the arbitrator. The cost of arbitration will be shared equally by the involved member and PRISM.
- (e) Litigation. If, after following the dispute resolution procedure paragraphs a-d, either party is not satisfied with the outcome of the non-binding arbitration process, either party may consider litigation as a possible remedy to the dispute.

**ARTICLE 32**

JPA, PRISM

Amended: ~~June 30, 2020~~ June 30, 2026, 2025

**FILING WITH SECRETARY OF STATE**

The Chief Executive Officer of PRISM shall file a notice of this Agreement with the office of California Secretary of State within 30 days of its effective date, as required by Government Code Section 6503.5 and within 70 days of its effective date as required by Government Code Section 53051.

JPA, PRISM

Amended: June 30, 2020 ~~June 30, 2026~~, 2025

**IN WITNESS WHEREOF**, the undersigned party hereto has executed this Agreement on the date indicated below.

DATE: \_\_\_\_\_

MEMBER: \_\_\_\_\_  
(Print Name of Member)

BY: \_\_\_\_\_  
(Authorized signature of Member)

Seal:



Adopted: October 5, 1979  
Amended: May 12, 1980  
Amended: January 23, 1987  
Amended: October 7, 1988  
Amended: March 1993  
Amended: November 18, 1996  
Amended: October 4, 2005  
Amended: February 28, 2006  
Amended: June 30, 2020  
Amended: June 30, 2026

## **JOINT POWERS AGREEMENT PUBLIC RISK INNOVATION, SOLUTIONS, AND MANAGEMENT**

This Agreement is executed in the State of California by and among those counties and public entities organized and existing under the Constitution of the State of California, which are parties signatory to this Agreement. California counties, hereinafter called member counties, and public entities, hereinafter called member public entities, (collectively “members”) shall be listed in Appendix A, which shall be attached hereto and made a part hereof.

### **RECITALS**

**WHEREAS**, Article 1, Chapter 5, Division 7, Title 1 of the California Government Code (Section 6500 et seq.) permits two or more public agencies by agreement to exercise jointly powers common to the contracting parties; and

**WHEREAS**, Article 16, Section 6 of the California Constitution provides that insurance pooling arrangements under joint exercise of power agreements shall not be considered the giving or lending of credit as prohibited therein; and

**WHEREAS**, California Government Code Section 990.4 provides that a local public entity may self-insure, purchase insurance through an authorized carrier, or purchase insurance through a surplus line broker, or any combination of these; and

**WHEREAS**, pursuant to California Government Code Section 990.6, the cost of insurance provided by a local public entity is a proper charge against the local public entity; and

**WHEREAS**, California Government Code Section 990.8 provides that two or more local entities may, by a joint powers agreement, provide insurance for any purpose by any one or more of the methods specified in Government Code Section 990.4 and such pooling of self-insured claims or losses is not considered insurance nor subject to regulation under the Insurance Code; and

**WHEREAS**, the counties and public entities executing this Agreement desire to join together for the purpose of jointly funding and/or establishing excess and other coverage programs as determined;

**NOW THEREFORE**, the parties agree as follows:

## **ARTICLE 1 CREATION OF PRISM**

Pursuant to the joint powers law, there is hereby created a public entity separate and apart from the parties hereto, to be known as Public Risk Innovation, Solutions, and Management ("PRISM"), with such powers as are hereinafter set forth.

## **ARTICLE 2 DEFINITIONS**

**"Board of Directors" or "Board"** shall mean the governing body of PRISM.

**"Claim"** shall mean a claim made against a member arising out of an occurrence that is covered by an excess or primary coverage program of PRISM in which the member is a participant.

**"Executive Committee"** shall mean the Executive Committee of the Board of Directors of PRISM.

**"Fiscal year"** shall mean that period of twelve months that is established by the Board of Directors as the fiscal year of PRISM.

**"Government Code"** shall mean the California Government Code.

**"Insurance program" or "program"** shall mean a program under which participating members are protected against designated losses, either through joint purchase of primary or excess insurance or reinsurance, pooling of self-insured claims or losses, purchased insurance or reinsurance, or any other combination as determined by the Executive Committee or other program governing committee. The Board of Directors, the Executive Committee, or a program's governing committee may determine applicable criteria for determining eligibility in any program, as well as establishing program policies and procedures.

**"Joint powers law"** shall mean Article 1, Chapter 5, Division 7, Title 1 (commencing with Section 6500) of the Government Code.

**"Loss"** shall mean a liability or potential liability of a member, including litigation expenses, attorneys' fees and other costs, that is covered by a program of PRISM in which the member is a participant.

**"Member County"** shall mean any county in the State of California that has executed this Agreement and become a member of PRISM. "Member County" shall also include those entities or other bodies set forth in Article 3 (c).

**"Member Public Entity"** shall mean any California public entity, which is not a California county, that has executed this Agreement and become a member of PRISM. "Member Public Entity" shall also include those entities or other bodies set forth in Article 3(c).

**"Occurrence"** shall mean an event, which is more fully defined in the memorandums of coverage and/or policies or reinsurance agreements of a program, in which the participating county or participating public entity is a member.

**"Participating county"** shall mean any Member County that has entered into a program offered by PRISM pursuant to Article 14 of this Agreement and has not withdrawn or been canceled therefrom pursuant to Articles 20 or 21.

**"Participating public entity"** shall mean any Member Public Entity that has entered into a program offered by PRISM pursuant to Article 14 of this Agreement and has not withdrawn or been canceled therefrom pursuant to Articles 20 or 21.

**"Self-insured retention"** shall mean that portion of a loss resulting from an occurrence experienced by a member, that is retained as a liability or potential liability of the member and is not subject to payment by PRISM.

**"Reinsurance"** shall mean insurance or reinsurance purchased by PRISM as part of a program to cover that portion of any loss that exceeds the joint funding capacity of that program.

### **ARTICLE 3 PURPOSES**

This Agreement is entered into by the Member Counties and Member Public Entities in order to jointly develop and fund coverage programs. Such programs may include, but are not limited to, the creation of pooled risk programs, including primary and excess coverage programs, the pooling of self-insured claims and losses, purchased insurance or reinsurance, and the provision of necessary administrative services. Such administrative services may include, but shall not be limited to, risk management consulting, loss prevention and control, centralized loss reporting, actuarial consulting, claims adjusting, and legal services.

### **ARTICLE 4 PARTIES TO AGREEMENT**

- (a) There shall be two classes of membership of the parties pursuant to this Agreement consisting of one class designated as Member Counties and another class designated as Member Public Entities.
- (b) Each Member County and Member Public Entity, as a party to this Agreement, certifies that it intends to and does contract with all other members as parties to this Agreement and, with such other members as may later be added as parties to this Agreement pursuant to Article 19 as to all programs of which it is a participating member. Each member also certifies that the removal of any party from this Agreement, pursuant to Articles 20 or 21, shall not affect this Agreement or the member's obligations hereunder.

- (c) A member for purposes of participating in or providing coverage under any program of PRISM, may contract on behalf of, and shall be deemed to include:

Any public entity as defined in Government Code § 811.2 which the member requests to be added and from the time that such request is approved by the Executive Committee of PRISM.

Any nonprofit entity, including a nonprofit public benefit corporation formed pursuant to Corporations Code §§ 5111, 5120 and, 5065, which the member requests to be added and from the time that such request is approved by the Executive Committee.

- (d) Any public entity or nonprofit so added shall be subject to and included under the member's SIR or deductible, and when so added, may be subject to such other terms and conditions as determined by the Executive Committee.
- (e) Such public entity or nonprofit shall not be considered a separate party to this Agreement. Any public entity or nonprofit so added, shall not affect the member's representation on the Board of Directors and shall be considered part of and represented by the member for all purposes under this Agreement.
- (f) The Executive Committee shall establish guidelines for approval of any public entity or nonprofit so added in accordance with Article 4(c) and (d).
- (g) Should any conflict arise between the provisions of this Article and any applicable Memorandum of Coverage or other document evidencing coverage, such Memorandum of Coverage or other document evidencing coverage shall prevail.

## **ARTICLE 5 TERM**

This Agreement shall continue in effect until terminated as provided herein.

## **ARTICLE 6 POWERS OF PRISM**

PRISM shall have all of the powers common to General Law counties in California, such as Alpine County and all additional powers set forth in the joint powers law, and is hereby authorized to do all acts necessary for the exercise of said powers. Such powers include, but are not limited to, the following:

- (a) To make and enter into contracts.
- (b) To incur debts, liabilities, and obligations.

- (c) To acquire, hold, or dispose of property, contributions and donations of property, funds, services, and other forms of assistance from persons, firms, corporations, and government entities.
- (d) To sue and be sued in its own name, and to settle any claim against it.
- (e) To receive and use contributions and advances from members as provided in Government Code Section 6504, including contributions or advances of personnel, equipment, or property.
- (f) To invest any money in its treasury that is not required for its immediate necessities, pursuant to Government Code Section 6509.5.
- (g) To allow for risk management services to be provided to out-of-state participants in a PRISM program.
- (h) To carry out all provisions of this Agreement.

Said powers shall be exercised pursuant to the terms hereof and in the manner provided by law.

## **ARTICLE 7 BOARD OF DIRECTORS**

PRISM shall be governed by the Board of Directors, which shall be composed as follows:

- (a) One director from each Member County, appointed by the Member County's board of supervisors and serving at the pleasure of that body. Each Member County's board of supervisors shall also appoint an alternate director who shall have the authority to attend, participate in and vote at any meeting of the Board of Directors when the director is absent. A director or alternate director shall be a county supervisor, other county official, staff person of the Member County, or agent and upon termination of office or employment with the Member County or agency relationship, shall automatically terminate membership or alternate membership on the Board of Directors.
- (b) Twenty directors consisting of seventeen directors and three alternate directors chosen in the manner specified in the Bylaws from those participating as Member Public Entities. A director or alternate public entity director shall be an official, or staff person, or agent of the Member Public Entity, and upon termination of office, employment, or agency relationship with the Member Public Entity, shall automatically terminate membership or alternate membership on the Board of Directors.

- (c) Any vacancy in a county director or alternate director position shall be filled by the appointing county's board of supervisors, subject to the provisions of this Article. Any vacancy in a public entity director position shall be filled by vote of the public entity members.
- (d) A majority of the membership of the Board of Directors shall constitute a quorum for the transaction of business. Each member of the Board of Directors shall have one vote. Except as otherwise provided in this Agreement or any other duly executed agreement of the members, all actions of the Board of Directors shall require the affirmative vote of a majority of the members; provided, that any action which is restricted in effect to one of PRISM's insurance programs, shall require the affirmative vote of a majority of those Board of Directors members who represent counties and public entities participating in that program. For purposes of an insurance program vote, to the extent there are public entity members participating in a program, the public entity Board of Directors members as a whole shall have a minimum of one vote. The public entity Board of Directors members may in no event cast more votes than would constitute 20% of the number of total county members in that program (subject to the one vote minimum). Should the number of public entity Board of Directors votes authorized herein be less than the number of public entity Board of Directors members at a duly noticed meeting, the public entity Board of Directors members shall decide among themselves, which Board of Directors member shall vote. Should they be unable to decide, the President of PRISM shall determine which director(s) shall vote.

## **ARTICLE 8 POWERS OF THE BOARD OF DIRECTORS**

The Board of Directors shall have the following powers and functions:

- (a) The Board of Directors shall exercise all powers and conduct all business of PRISM, either directly or by delegation to other bodies or persons unless otherwise prohibited by this Agreement, or any other duly executed agreement of the members or by law.
- (b) The Board of Directors may adopt such resolutions as deemed necessary in the exercise of those powers and duties set forth herein.
- (c) The Board of Directors shall form an Executive Committee, as provided in Article 11. The Board of Directors may delegate to the Executive Committee and the Executive Committee may discharge any powers or duties of the Board of Directors except adoption of PRISM's annual budget. The powers and duties so delegated shall be specified in resolutions adopted by the Board.
- (d) The Board of Directors or Executive Committee may form, as provided in Article 12, such other committees as it deems appropriate to conduct the business of PRISM. The membership of any such other committee may

consist in whole or in part of persons who are not members of the Board of Directors.

- (e) The Board of Directors shall elect the officers of PRISM and shall appoint or employ necessary staff in accordance with Article 13.
- (f) The Board of Directors shall cause to be prepared, and shall review, modify as necessary, and adopt the annual operating budget of PRISM. Adoption of the budget may not be delegated.
- (g) The Board of Directors shall develop, or cause to be developed, and shall oversee each program of PRISM, including all provisions for self-insurance, pooling, excess or reinsurance, and administrative services necessary to carry out such program.
- (h) The Board of Directors, directly or through the Executive Committee, shall provide for necessary services to PRISM and to members, by contract or otherwise, which may include, but shall not be limited to, risk management consulting, loss prevention and control, centralized loss reporting, actuarial consulting, claims adjusting, and legal services.
- (i) The Board of Directors, directly or through the Executive Committee, shall provide general supervision and policy direction to the Chief Executive Officer.
- (j) The Board of Directors shall receive and act upon reports of the committees and the Chief Executive Officer.
- (k) The Board of Directors shall act upon each claim involving liability of PRISM, directly or by delegation of authority to the Executive Committee or other committee, body or person, provided, that the Board of Directors shall establish monetary limits upon any delegation of claims settlement authority, beyond which a proposed settlement must be referred to the Board of Directors for approval.
- (l) The Board of Directors, directly or through the Executive Committee or other committee, may require that PRISM review, audit, report upon, and make recommendations with regard to the safety or claims administration functions of any member, insofar as those functions affect the liability or potential liability of PRISM. The Board of Directors, Executive Committee, or other committee may forward any or all such recommendations to the member with a request for compliance and a statement of potential consequences for noncompliance.
- (m) The Board of Directors shall receive, review and act upon periodic reports and audits of the funds of PRISM, as required under Articles 15 and 16 of this Agreement.

- (n) The Board of Directors, directly or through the Executive Committee or program committee, may declare that any funds established for any program has a surplus of funds and determine a formula to return such surplus to the participating counties and participating public entities, which have contributed to such fund. Likewise, the Board, Executive Committee or program committee may declare that funds established for any program has a deficit of funds and determine a formula to collect additional funds from the participating counties and participating public entities, which have contributed to such fund.
- (o) The Board of Directors, directly or through the Executive Committee, shall have such other powers and duties as are reasonably necessary to carry out the purposes of PRISM.

## **ARTICLE 9 MEETINGS OF THE BOARD OF DIRECTORS**

- (a) The Board of Directors shall hold at least one regular meeting each year and shall provide for such other regular meetings and for such special meetings as it deems necessary.
- (b) The Chief Executive Officer of PRISM shall provide for the keeping of minutes of regular and special meetings of the Board of Directors and shall provide a copy of the minutes to each member of the Board of Directors at the next scheduled meeting.
- (c) All meetings of the Board of Directors, the Executive Committee and such other committees pursuant to Article 12 herein, shall be called, noticed, held and conducted in accordance with the provisions of Government Code Section 54950 et seq.

## **ARTICLE 10 OFFICERS**

The Board of Directors shall elect from its membership a President and Vice President of the Board, to serve for one-year terms.

The President, or in his or her absence, the Vice President, shall preside at and conduct all meetings of the Board of Directors and shall chair the Executive Committee.

## **ARTICLE 11 EXECUTIVE COMMITTEE**

The Board of Directors shall establish an Executive Committee of the Board of Directors, which shall consist of fifteen members: the President and Vice President of the Board of Directors, eleven voting members, and two alternates elected by the Board of Directors from its membership.

The terms of office of the eleven non-officer members shall be as provided in the Bylaws of PRISM.

The Executive Committee shall conduct the business of PRISM between meetings of the Board of Directors, exercising all those powers as provided for in Article 8, or as otherwise delegated to it by the Board.

## **ARTICLE 12 COMMITTEES**

The Board of Directors, directly or through the Executive Committee, may establish committees as it deems appropriate to conduct the business of PRISM. Members of the committees shall be appointed by the Executive Committee. Each committee shall annually select one of their members to chair the Committee.

Each committee shall be composed of at least five members and shall have those duties as determined by the Board of Directors, Executive Committee, or as otherwise set forth in the Bylaws.

Each committee shall meet on the call of its chair, and shall report to the Executive Committee and the Board of Directors.

## **ARTICLE 13 STAFF**

- (a) **Principal Staff.** The Chief Executive Officer shall be appointed by and serve at the pleasure of the Board of Directors. The Chief Executive Officer shall serve as the Board Secretary and administer the business and activities of PRISM, subject to the general supervision and policy direction of the Board of Directors and Executive Committee; shall be responsible for all minutes, notices and records of PRISM and shall perform such other duties as are assigned by the Board and Executive Committee.
- (b) **Treasurer and Auditor.** Pursuant to Government Code Section 6505.6, the Chief Financial Officer shall serve as the Treasurer/Auditor. The duties of the Treasurer are set forth in Article 16 of this Agreement. The Chief Financial Officer shall draw warrants to pay demands against PRISM. The Chief Financial Officer shall comply with the provisions of Government Code Section 6505.5 (a-d) and shall be appointed by and serve at the pleasure of the Chief Executive Officer.
- (c) **Other Staff.** The Board of Directors, Executive Committee or Chief Executive Officer shall provide for the appointment of such other staff as may be necessary for the administration of PRISM.

## **ARTICLE 14 DEVELOPMENT, FUNDING AND IMPLEMENTATION OF PROGRAMS**

- (a) **Program Coverage.** Programs of PRISM may provide coverage, including excess insurance and/or reinsurance coverage, or services for any Member County or Member Public Entity.
- (b) **Program and PRISM Funding.** The members developing or participating in a program shall fund all costs of that program, including administrative costs, as hereinafter provided. Costs of staffing and supporting PRISM, hereinafter called PRISM general expenses, shall be equitably allocated among the various programs by the Board of Directors, and shall be funded by the members developing or participating in such programs in accordance with such allocations, as hereinafter provided.
- (1) **Annual Premium.** Except as provided in (2) below, all post-development costs of a program shall be funded by annual premiums charged to the members participating in the program each policy year, and by interest earnings on the funds so accumulated. Such premiums shall be determined by the Executive Committee or the program's governing committee upon the basis of a cost allocation plan and rating formula adopted by the Executive Committee or the program's governing committee. The premium for each participating member shall include that participant's share of expected program losses including a margin for contingencies as determined by the Executive Committee or program governing committee, program reinsurance costs, and program administrative costs for the year, plus that participant's share of PRISM general expense allocated to the program by the Board of Directors.
- (2) **Assessments**
- (i) If it is determined by the Board of Directors or the program's governing committee that the funding for a program is insufficient to pay losses, fund known estimated losses, and fund estimated losses, which have been incurred but not reported, the Board of Directors or the program's governing committee may declare an assessment on all participating members of the program.
- (ii) Assessments declared pursuant to (i) above shall be in an amount which will assure adequate funds for the program to be actuarially sound; provided that the assessment to any participating member shall not exceed an amount equal to three (3) times the member's annual premium for that year, unless otherwise determined by the Board of Directors or the program's governing committee.

Provided, however, that if an assessment is in excess of three times the member's annual premium for that year,, ninety days prior to the Board of Directors or program's

governing committee taking action to determine the amount of the assessment, PRISM will notify the governing body of each participating member, in writing, of its recommendations regarding its intent to declare an assessment and the amount recommended to be assessed each member.

- (iii) A member that is no longer a participating member at the time the assessment is declared, but was a participating member during the policy year(s) for which the assessment is needed, shall be required to pay its share of the assessment in accordance with the provisions of (i) and (ii) above.
- (c) **Program Implementation and Effective Date.** Upon establishment of a program by the Board of Directors or Executive Committee, PRISM shall determine the manner of program implementation and shall give written notice to all members of such program, which shall include, but not be limited to: program participation levels, coverages and terms of coverage of the program, estimates of first year premium charges, effective date of the program (or estimated effective date) and such other program provisions as deemed appropriate.
- (d) **Late Entry Into Program.** A member which does not elect to enter a program upon its implementation, pursuant to (c) above, or a county or public entity which becomes a party to this Agreement following implementation of the program, may apply to the Executive Committee or program's governing committee for entry into the program. Such request may be granted upon a majority vote of the Executive Committee or program committee.
- (e) **Reentry Into A Program.** Except as otherwise provided in a Program Memorandum of Understanding, any county or public entity that is a member of a program of PRISM who withdraws or is cancelled from a program under Articles 21 and 22, may not reenter such program for a period of three years from the effective date of withdrawal or cancellation.

## **ARTICLE 15 ACCOUNTS AND RECORDS**

- (a) **Annual Budget.** The Board of Directors shall annually adopt an operating budget pursuant to Article 8 of this Agreement, which shall include a separate budget for each program under development or adopted and implemented by PRISM.
- (b) **Funds and Accounts.** The Chief Financial Officer ("CFO") of PRISM shall establish and maintain such funds and accounts as may be required by good accounting practices and by the Board of Directors. Separate accounts shall be established and maintained for each program under

development or adopted and implemented by PRISM. Books and records of PRISM shall be open to inspection at all reasonable times by authorized representatives of members.

PRISM shall adhere to the standard of strict accountability for funds set forth in Government Code Section 6505.

- (c) **CFO's Report.** The CFO, within one hundred and eighty (180) days after the close of each fiscal year, shall give a complete written report of all financial activities for such fiscal year to the Board and to each member.
- (d) **Annual Audit.** Pursuant to Government Code Section 6505, PRISM shall either make or contract with a certified public accountant to make an annual fiscal year audit of all accounts and records of PRISM, conforming in all respects with the requirements of that section. A report of the audit shall be filed as a public record with each of the members and also with the county auditor of the county where the home office of PRISM is located and shall be sent to any public agency or person in California that submits a written request to PRISM. The report shall be filed within six months of the end of the fiscal year or years under examination. Costs of the audit shall be considered a general expense of PRISM.

#### **ARTICLE 16 RESPONSIBILITIES FOR FUNDS AND PROPERTY**

- (a) The Treasurer shall have the custody of and disburse PRISM's funds. He or she may delegate disbursing authority to such persons as may be authorized by the Executive Committee to perform that function, subject to the requirements of (b) below.
- (b) Pursuant to Government Code Section 6505.6, the Treasurer shall:
  - (1) Receive and acknowledge receipt for all funds of PRISM and place them in the treasury of the Treasurer to the credit of PRISM.
  - (2) Be responsible upon his or her official bond for the safekeeping and disbursements of all PRISM funds so held by him or her.
  - (3) Pay any sums due from PRISM, as approved for payment by the Executive Committee or by any body or person to whom the Executive Committee has delegated approval authority, making such payments from PRISM funds upon warrants drawn by the CFO.
- (c) Pursuant to Government Code Section 6505.1, the Chief Executive Officer, the Treasurer, and such other persons as the Executive Committee may designate shall have charge of, handle, and have access to the property of PRISM.

- (d) PRISM shall secure and pay for a fidelity bond or bonds or crime insurance, in an amount or amounts and in the form specified by the Executive Committee, covering all officers and staff of PRISM, and all officers and staff who are authorized to have charge of, handle, and have access to property of PRISM.

## **ARTICLE 17 RESPONSIBILITIES OF MEMBERS**

Members shall have the following responsibilities under this Agreement.

- (a) The board of supervisors of each Member County shall appoint a representative and one alternate representative to the Board of Directors, pursuant to Article 7. The Board of Supervisors may appoint by individual or by position.
- (b) Each member shall appoint an officer or employee of the member to be responsible for the risk management function for that member and to serve as a liaison between the member and PRISM for all matters relating to risk management.
- (c) Each member shall maintain an active risk prevention and control program, and shall consider and act upon all recommendations of PRISM concerning the reduction of unsafe practices.
- (d) Each member shall maintain its own claims and loss records in each category of liability covered by a program of PRISM in which the member is a participant, and shall provide copies of such records to PRISM as directed by the Executive Committee or program governing committee.
- (e) Each member shall pay premiums and assessments due to PRISM as required under Article 14. Penalties for late payment of such premiums and/or assessments shall be as determined by the Executive Committee. After withdrawal, cancellation, or termination action under Articles 20, 21, or 23, each member or former member shall pay promptly to PRISM any additional premiums due, as determined and assessed by the Executive Committee or other Program governing committee under Articles 22 or 23. Any costs incurred by PRISM associated with the collection of such premiums or other charges, shall be recoverable by PRISM.
- (f) Each member shall provide PRISM such other information or assistance as may be necessary for PRISM to develop and implement programs under this Agreement.
- (g) Each member shall cooperate with and assist PRISM, and any insurer or reinsurer of PRISM, in all matters relating to this Agreement, and shall comply with all Bylaws, and other rules adopted by the Board of Directors, Executive Committee or program governing committee.

- (h) Each member shall have such other responsibilities as are provided elsewhere in this Agreement, and as are established by the Board of Directors, Executive Committee or program governing committee in order to carry out the purposes of this Agreement.

### **ARTICLE 18 ADMINISTRATION OF CLAIMS**

- (a) Subject to subparagraph (e), each member shall be responsible for the investigation, settlement or defense, and appeal of any claim made, suit brought, or proceeding instituted against the member arising out of a loss.
- (b) PRISM may develop standards for the administration of claims for each program of PRISM so as to allow PRISM to oversee the administration of claims by the members.
- (c) Each participating member shall give PRISM timely written notice of claims in accordance with the provisions of the Bylaws and the applicable program Memorandum of Coverage.
- (d) A member shall not enter into any settlement involving liability of PRISM without the advance written consent of PRISM.
- (e) PRISM, at its own election and expense, shall have the right to participate with a member in the settlement, defense, or appeal of any claim, suit or proceeding, which, in the judgment of PRISM, may involve liability of PRISM.

### **ARTICLE 19 NEW MEMBERS**

Any California county or public entity may become a party to this Agreement upon approval by the Executive Committee.

### **ARTICLE 20 WITHDRAWAL**

- (a) A member may withdraw as a party to this Agreement upon thirty (30) days advance written notice to PRISM if it has never become a participant in any program pursuant to Article 14, or if it has previously withdrawn from all programs in which it was a participant.
- (b) After becoming a participant in a program, a member may withdraw from that program only at the end of a policy year for the program, and only if it gives PRISM at least sixty (60) days advance written notice of such action unless otherwise specified in a program Memorandum of Understanding.

## **ARTICLE 21 CANCELLATION**

- (a) Notwithstanding the provisions of Article 20,
  - (1) The Board of Directors may, on a two-thirds vote, cancel any member from this Agreement and membership in PRISM. Such action shall have the effect of canceling the member's participation in all programs of PRISM as of the date that all membership is canceled.
  - (2) A program governing committee may cancel any member's participation in a program of PRISM, without canceling the member's membership in PRISM or participation in other programs, on a vote of two-thirds of the program governing committee.
  - (3) PRISM shall give sixty (60) days advance written notice of the effective date of any cancellation under the foregoing provisions. Upon such effective date, the member shall be treated the same as if it had voluntarily withdrawn from this Agreement, or from the program, as the case may be.
- (b) Except as otherwise provided in a program Memorandum of Understanding, a member that does not enter one or more of the programs developed and implemented by PRISM within the member's first year as a member of PRISM shall be considered to have withdrawn as a party to this Agreement at the end of such period, and its membership in PRISM shall be automatically canceled as of that time, without action of the Board of Directors.
- (c) A member which withdraws from all programs of PRISM in which it was a participant and does not enter any program for a period of six (6) months thereafter shall be considered to have withdrawn as a party to the Agreement at the end of such period, and its membership in PRISM shall be automatically canceled as of that time, without action of the Board of Directors.

## **ARTICLE 22 EFFECT OF WITHDRAWAL OR CANCELLATION**

- (a) If a member's participation in a program of PRISM is canceled under Article 21, with or without cancellation of membership in PRISM, and such cancellation is effective before the end of the policy year for that program, PRISM shall promptly determine and return to that member the amount of any unearned premium payment from the member for the policy year, such amount to be computed on a pro-rata basis from the effective date of cancellation.

- (b) Except as provided in (a) above or as otherwise provided in a program Memorandum of Understanding, a member which withdraws or is canceled from this Agreement and membership in PRISM, or from any program of PRISM, shall not be entitled to the return of any premium or other payment to PRISM, or of any property contributed to PRISM. However, in the event of termination of this Agreement, such member may share in the distribution of assets of PRISM to the extent provided in Article 23 provided; however, that any withdrawn or canceled member, which has paid an assessment pursuant to Article 14 (b) (3) (ii) shall be entitled to return of said member's unused assessment, plus interest accrued thereon, at such time as the Board of Directors or program governing committee declares that a surplus exists in any program for which an assessment was made.
- (c) Except as provided in (d) below, a member shall pay any premium charges, which the Board of Directors or program governing committee determines are due from the member for losses and costs incurred during the entire coverage year in which the member was a participant in such program regardless of the date of entry into such program. Such charges may include any deficiency in a premium previously paid by the member, as determined by audit under Article 14 (b) (2); any assessment declared and attributed to the member under Article 14 (b) (3); and any additional amount of premium, which the Executive Committee determines to be due from the member upon final disposition of all claims arising from losses under the program during the entire coverage year in which the member was a participant regardless of date of entry into such program. Any such premium charges shall be payable by the member in accordance with PRISM's invoice and payment policy.
- (d) Those members that have withdrawn or been canceled pursuant to Articles 20 and 21 from any program of PRISM during a coverage year shall pay any premium charges which the Board of Directors or Executive Committee determines are due from the members for losses and costs which were incurred during the member's participation in any program.

### **ARTICLE 23 TERMINATION AND DISTRIBUTION OF ASSETS**

- (a) A three-fourths vote of the total voting membership of PRISM, consisting of member counties, acting through their boards of supervisors, and the voting Board of Directors members from the member public entities is required to terminate this Agreement; provided; however, that this Agreement and PRISM shall continue to exist after such election for the purpose of disposing of all claims, distributing all assets, and performing all other functions necessary to conclude the affairs of PRISM.
- (b) Upon termination of this Agreement, all assets of PRISM in each program shall be distributed among those members that participated in that program in proportion to their premium contributions. The Board of

Directors shall determine such distribution within six (6) months after disposal of the last pending claim or other liability covered by the program.

- (c) Following termination of this Agreement, any member that was a participant in a program of PRISM shall pay any additional amount of premium, determined by the Board of Directors in accordance with a loss allocation formula, which may be necessary to enable final disposition of all claims arising from losses under that program during the entire coverage year in which the member was a participant regardless of the date of entry into such program.

#### **ARTICLE 24 LIABILITY OF BOARD OF DIRECTORS, OFFICERS, COMMITTEE MEMBERS AND LEGAL ADVISORS**

The members of the Board of Directors, Officers, committee members and legal advisors to any Board of Directors or committees of PRISM shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. They shall not be liable for any mistake of judgment or any other action made, taken or omitted by them in good faith, nor for any action taken or omitted by any agent, employee or independent contractor selected with reasonable care, nor for loss incurred through investment of PRISM funds, or failure to invest.

No Director, Officer, committee member, or legal advisor to any Board of Directors or committee shall be responsible for any action taken or omitted by any other Director, Officer, committee member, or legal advisor to any committee. No Director, Officer, committee member or legal advisor to any committee shall be required to give a bond or other security to guarantee the faithful performance of their duties pursuant to this Agreement.

The funds of PRISM shall be used to defend, indemnify and hold harmless PRISM and any Director, Officer, committee member or legal advisor to any committee for their actions taken within the scope of the authority of PRISM. Nothing herein shall limit the right of PRISM to purchase insurance or reinsurance to provide such coverage, as is hereinabove set forth.

#### **ARTICLE 25 BYLAWS**

The Board of Directors may adopt Bylaws consistent with this Agreement, which shall provide for the administration and management of PRISM.

#### **ARTICLE 26 NOTICES**

PRISM shall address notices, billings and other communications to a member as directed by the member. Each member shall provide PRISM with the email address to which communications are to be sent. Members shall address notices and other

communications to PRISM to the Chief Executive Officer of PRISM, at the office address of PRISM or via email, as set forth in the Bylaws.

## **ARTICLE 27 AMENDMENT**

A two-thirds vote of the total voting membership of PRISM, consisting of member counties, acting through their boards of supervisors, and the voting Board of Directors members from the member public entities is required to amend this Agreement. However, the Executive Committee is authorized to make non-substantive, clerical amendments to the Agreement and does not need to obtain approval from the Board of Directors to make such amendments.

## **ARTICLE 28 EFFECTIVE DATE OF AMENDMENTS**

Any amendment of this Agreement shall become effective upon the date specified by the Board of Directors and upon approval of any Amended Agreement as required in Article 27. Approval of any amendment by the voting boards of supervisors and public entity board members must take place no later than 30 days from the effective date specified by the Board of Directors.

## **ARTICLE 29 PROHIBITION AGAINST ASSIGNMENT**

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

## **ARTICLE 30 AGREEMENT COMPLETE**

This Agreement constitutes the full and complete Agreement of the parties.

## **ARTICLE 31 DISPUTE RESOLUTION**

When a dispute arises between PRISM and a member, the following procedures are to be followed:

- (a) Request for Reconsideration. The member will make a written request to PRISM for the appropriate Committee to reconsider their position, citing the arguments in favor of the member and any applicable case law that applies. The member can also request a personal presentation to that Committee, if it so desires.
- (b) Committee Appeal. The committee responsible for the program or having jurisdiction over the decision in question will review the matter and

reconsider PRISM's position. This committee appeal process is an opportunity for both sides to discuss and substantiate their positions based upon legal arguments and the most complete information available. If the member requesting reconsideration is represented on the committee having jurisdiction, that committee member shall be deemed to have a conflict and shall be excluded from any vote.

- (c) Executive Committee Appeal. If the member is not satisfied with the outcome of the committee appeal, the matter will be brought to the Executive Committee for reconsideration upon request of the member. If the member requesting reconsideration is represented on the Executive Committee, that Executive Committee member shall be deemed to have a conflict and shall be excluded from any vote.
- (d) Arbitration. If the member is not satisfied with the outcome of the Executive Committee appeal, the next step in the appeal process is arbitration. The arbitration, whether binding or non-binding, is to be mutually agreed upon by the parties. The matter will be submitted to a mutually agreed arbitrator or panel of arbitrators for a determination. If Binding Arbitration is selected, then the decision of the arbitrator is final. Both sides agree to abide by the decision of the arbitrator. The cost of arbitration will be shared equally by the involved member and PRISM.
- (e) Litigation. If, after following the dispute resolution procedure paragraphs a-d, either party is not satisfied with the outcome of the non-binding arbitration process, either party may consider litigation as a possible remedy to the dispute.

## **ARTICLE 32 FILING WITH SECRETARY OF STATE**

The Chief Executive Officer of PRISM shall file a notice of this Agreement with the office of California Secretary of State within 30 days of its effective date, as required by Government Code Section 6503.5 and within 70 days of its effective date as required by Government Code Section 53051.

**IN WITNESS WHEREOF**, the undersigned party hereto has executed this Agreement on the date indicated below.

DATE: \_\_\_\_\_

MEMBER: \_\_\_\_\_  
(Print Name of Member Entity)

BY: \_\_\_\_\_  
(Authorized signature of Member)

Seal: