



LOCAL AND REGIONAL GOVERNMENT
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MUNICIPAL SERVICES AUTHORITY (MSA) AGENDA

Agenda materials may be viewed on the Agency's web site or by contacting the Executive Director prior to the meeting.

REGULAR MEETING
December 5, 2013
2:25 p.m.

San Rafael City Hall, 3rd Floor
Community Development Conference Room
1400 Fifth Street
San Rafael, CA 94901

1. CALL TO ORDER

2. CHANGES TO THE ORDER OF AGENDA

3. APPROVAL OF CONSENT AGENDA

Consent agenda items are considered to be routine and will be enacted by one motion. There will be no separate discussion on these items unless members of the Executive Committee, staff or public request specific items to be removed for separate action.

A. Approval of **August 22, 2013** Minutes

Action

4. TREASURER'S REPORT - None

5. OLD BUSINESS

A. Replacement WC Carrier

Information

6. NEW BUSINESS

A. Approve **Resolution No 2013-01** to Authorize Executive Director to join PACE Health Insurance JPA for Employee Health Insurance

Action

B. Authorize Executive Director to Facilitate Joint Purchase of Benefits for Other Agencies

Action

7. PUBLIC COMMENT

Each speaker is limited to two minutes. If you are addressing the Executive Committee (EC) on a non-agenda item, the EC may briefly respond to statements made or questions posed as allowed by the Brown Act (Government Code Section 54954.2). However, the EC's general policy is to refer items to staff for attention, or have a matter placed on a future EC agenda for a more comprehensive action or report.

8. ADJOURN

The next Regular Meeting will take place on February 27, 2014 at 1:00 p.m. in Walnut Creek.

Americans with Disabilities Act

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact Richard Averett at (650) 587-7301. Notification in advance of the meeting will enable Agency to make reasonable arrangements to ensure accessibility.

**MUNICIPAL SERVICES AUTHORITY
BOARD OF DIRECTORS MINUTES
AUGUST 22, 2013**

The Municipal Services Authority held a regular meeting of the Board of Directors on August 22, 2013 at the Dublin Civic Center, 100 Civic Plaza, Dublin, CA 94568. The meeting was called to order at 3:37 p.m.

1. CALL TO ORDER

Members Present: Ken Nordhoff, Chair, Member for Local Government Services
Steve Rogers, Vice-Chair, Member for Regional Government Services
Dan Schwarz, MSA Board Member

Other Attendees: Michael Garvey, Executive Committee Member
Joni Pattillo, Board Member
Herb Pike, Board Member
Richard Averett, Executive Director
Jennifer Bower, Director of HR
Glenn Lazof, Deputy Chief Finance Officer
Heather Quinn, Sr. Admin. Analyst / Project Mgr.

2. CHANGES TO THE ORDER OF AGENDA

Staff requested that the Board address items 6A and 6B at the outset of the meeting.

3. APPROVAL OF CONSENT AGENDA

A. Approval of **May 16, 2013** Minutes

Action: Moved and seconded (Nordhoff, Schwarz) and carried unanimously to approve consent agenda.

4. TREASURER'S REPORT

A. FY2014 Premium Costs and Retention Structure

Information: Report accepted as submitted.

B. Notice of WC Carrier Downgrade

Information: Report accepted as submitted.

5. OLD BUSINESS - None

6. NEW BUSINESS

A. Amend MSA By-Laws for Number of Member Representatives and Schedule Officer Elections

Action: Moved and seconded (Rogers, Nordhoff) and carried unanimously to amend MSA By-Laws for Number of Member Representatives and schedule officer elections.

B. Election of MSA Officers

Action: Nomination of Steve Rogers as Chair. Moved and seconded (Nordhoff, Schwarz) and carried unanimously to elect Rogers as Chair. Nomination of Ken Nordhoff as Vice-Chair. Moved and seconded (Schwarz, Rogers) to elect Nordhoff as Vice-Chair.

7. PUBLIC COMMENT - None

8. ADJOURNMENT – The meeting adjourned at 3:43 p.m. The next meeting date and location has yet to be determined.



MUNICIPAL SERVICES AUTHORITY

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TO: BOARD OF DIRECTORS
FROM: RICHARD H. AVERETT, EXECUTIVE DIRECTOR
SUBJECT: REPLACEMENT WC CARRIER

BOD Meeting: 12-5-2013
Item: 5A

INFORMATION

At the last MSA meeting, staff announced that Meadowbrook Insurance Group, the parent of Star Insurance, had been downgraded to a B++ rating. MSA's insurance broker, Keenan & Associates, advised the JPA to remain with Star Insurance while monitoring Meadowbrook's financial position and searching for alternative carriers. After researching the alternatives, Keenan presented the JPA with A rated options to replace the current Workers' Compensation carrier for the remainder of the fiscal year. The Executive Director selected New York Marine & General Insurance Company and purchased a buffer layer of insurance to provide deductible coverage of \$100,000.

BACKGROUND

Keenan & Associates presented MSA with the following alternatives for Workers' Compensation carrier.

1. Remain with Star Insurance Company with rating risks transferred to another A- rated company. Current premium rates were \$50,008 for the 2014 fiscal year, with a \$1 million deductible, \$200,000 per claim per year cash flow protection, and did not include terrorism coverage.
2. Contract with New York Marine & General Insurance Company with an A rating. Premiums would be pro-rated for the remainder of the fiscal year and would result in a premium increase of \$1,369 over current rates, but would include terrorism coverage.
3. Contract with Safety National Casualty Corporation with an A rating. Premiums would increase \$15,520 over current rates, but would include terrorism coverage.
4. Add a buffer layer of insurance, effectively reducing the deductible to \$100,000 per claim, at a cost of \$11,082 for FY2014.

ANALYSIS AND FISCAL IMPACT

Keenan believes that establishing a relationship with New York Marine & General Insurance Company now will likely reduce rate volatility when the FY2015 renewal period arrives. The minor increase in premium rates will be more than offset by the ease of having a smooth rate transition for the next fiscal year. The addition of a buffer layer reduces MSA's exposure to significant claims expense, while still achieving savings of approximately \$14,000 from the WC premium budget of \$76,000. [A premium refund of \$41,107 has been received from the Star Insurance Company for the unused remainder of the premium for the fiscal year.]



TO: BOARD OF DIRECTORS **BOD Meeting: 12-5-2013**
FROM: RICHARD H. AVERETT, EXECUTIVE DIRECTOR **Item: 6A**
SUBJECT: AUTHORIZE JOINING THE PACE HEALTH INSURANCE JPA FOR EMPLOYEE HEALTH INSURANCE

INFORMATION

Approve resolution **MSABOD2013-01** to join the PACE Health Insurance JPA for employee health insurance, effective January 1, 2014.

BACKGROUND

At a special meeting on August 15, 2013, the Boards of Local Government Services Authority and Regional Government Services Authority approved Resolutions LGS2013-02 and RGS2013-02 to terminate participation in the Public Employees’ Medical and Hospital Care Act (PEMHCA) plan, effective on January 1, 2014.

The JPAs’ medical insurance broker, Keenan and Associates, solicited health insurance bids to replace PEMHCA, and recommended PACE, a joint powers authority. PACE is a health insurance JPA with three other members: City of Livingston, Del Mar USD, and Town of Danville. To join PACE an agency must have 50 participants in its major medical plan, and by combining RGS and LGS insurance services under MSA, the total participants is right at the threshold count. PACE had more than 500 participants prior to the JPAs joining. The MSA Executive Director will serve on the PACE Board and will provide program oversight, including helping to design plan options and carrier selection.

Through PACE, the JPAs will provide three health insurance options to employees: a Kaiser HMO plan, a United HealthCare HMO plan, and a United HealthCare PPO plan. Open enrollment for the plans began in November, 2013, and all eligible employees have signed up.

ANALYSIS AND FISCAL IMPACT

Joining the PACE program enables MSA to have relatively stable medical plan premiums, versus staying with PEMHCA or being in the open market with very small group purchase options. The funds that are currently collected for medical will only be changed by the annual increase provided each year for employee medical plans. This increase is very small as the JPAs have reduced some of its other health and welfare costs by selecting other vendors for those plans. With making this change from PEMHCA to PACE, the JPAs will have reduced its OPEB costs, as there will no longer be a legal requirement for post employment medical. Those funds that have been collected from clients for post-employment medical premiums (i.e. OPEB reserves) will now be used to help employees with higher deductibles and with post-employment medical costs in the form of Health Retirement Accounts (HRAs). Net costs to clients and to RGS and LGS should be of little difference beyond the cost increases resulting from implementation of the Affordable Care Act (ACA). The ACA requires employees who regularly work 30 or more hours per week in a certain timeframe to be eligible for medical. Only a few additional employees qualified for the ACA and that qualification may create bill rate increases for some clients.

JOINT EXERCISE OF POWERS AGREEMENT

**PUBLIC AGENCY COALITION ENTERPRISE
JOINT POWERS AUTHORITY**

JOINT EXERCISE OF POWERS AGREEMENT

This Joint Exercise of Powers Agreement ("Agreement") is entered into pursuant to the provisions of title 1, Division 7, Chapter 5, Article 1 (Sections 6500, et seq.) of the California Government Code, for the purpose of operating an agency to be known as the Public Agency Coalition Enterprise which shall be organized and operated as a California joint powers authority ("JPA").

WITNESSETH:

WHEREAS, it has been determined to be to the mutual benefit and in the best interests of the agencies who have signed this Agreement and those that may later sign onto this Agreement ("Signatories") to join together to establish a JPA to carry out the purposes and powers as later described herein; and

WHEREAS, it has been determined by the Signatories that there is a need to establish and operate a cooperative program for the purchase of insurance, creation and management of pooled self-insurance programs, and/or the implementation of appropriate risk management activities and programs ("Program"); and

WHEREAS, it has also been determined that such a Program is of value on an individual and mutual basis; and

WHEREAS, it has also been determined that the establishment of a Program can adequately meet the needs of the of Signatories; and

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

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

1. CREATION OF THE JOINT POWERS AUTHORITY

A JPA, separate and apart from each public agency that is a Signatory, shall be and is hereby created and shall hereafter be designated as the Public Agency Coalition Enterprise ("PACE").

2. PURPOSE AND POWERS

- (a) PACE is established for the purpose of administering this Agreement, pursuant to the joint powers provisions of the California Government Code, and for taking all action necessary and appropriate for the establishment, operation and maintenance of the Program and to provide a forum for discussion, study, development and implementation of recommendations relating to the Program.

- (b) The powers of PACE are:
- (1) To establish a vehicle for the cost effective purchase of employee benefits insurance and/or such other insurance by and for the Members of PACE ("Members").
 - (2) To establish such programs self-insurance and/or risk pooling arrangements as the Board of Directors of PACE ("Board") shall deem appropriate.
 - (3) To take such actions and to enter into such contracts as may be necessary to accomplish the purpose stated in this Section 2(b).
 - (4) To acquire, hold, and dispose of property, real and personal, all for the purpose of providing the creating and sustaining the Program including, but not limited to, the acquisition of such resources, facilities, equipment and personnel as may be necessary to the Program.
 - (5) To incur debts, liabilities, and obligations necessary to accomplish the purposes of this Agreement.
 - (6) To receive gifts, contributions, and donations of property, funds, services, and other forms of assistance from persons, firms, corporations, associations, and any governmental agency in furtherance of the Program.
 - (7) To invest surplus reserve funds as deemed appropriate by the Board and as required by law.
 - (8) To provide a forum for discussion, study, development, and implementation of recommendations of mutual interest regarding other joint programs.
 - (9) To sue and be sued in the name of PACE.
 - (10) To perform such other functions as may be necessary or appropriate to carry out this Agreement, so long as such other functions so performed are not prohibited by any provision of law.
 - (11) To exercise any power common to the Signatories, provided that the same are in furtherance of the functions and objectives of this Agreement as herein set forth. Pursuant to Section 6509 of the California Government Code, the exercise of the aforesaid powers of PACE shall be subject to the restrictions upon the manner of exercising such powers by a public agency having the same status as a member of a JPA except as otherwise provided in this Agreement.

3. TERM OF THE AGREEMENT

This Agreement shall become effective on April 23, 2012. This Agreement shall continue in effect until lawfully terminated as provided herein and in the Bylaws. In the event of a reorganization of one or more of the Signatories, the successor in interest or successors in interest to the obligations of any such reorganized Signatory may be substituted as a party or as

parties to this Agreement.

4. BYLAWS

- (a) PACE shall be governed pursuant to bylaws ("Bylaws"), approved and adopted by the Board and by such amendments to the Bylaws as may from time to time be adopted. Upon approval by the Board, a copy of the Bylaws and all subsequent amendments thereto, shall be attached to and incorporated into this Agreement as Exhibit A. PACE shall be operated pursuant to this Agreement and the Bylaws.
- (b) Procedures for amending the Bylaws shall be as provided in the Bylaws so long as not inconsistent with this Agreement. Such amendments shall be binding upon all Members of PACE ("Members"). The effective date of any Bylaw amendment will be on the first day of the next month following adoption, unless otherwise stated.

5. DESIGNATION OF PROGRAM MANAGER

It is recognized that for PACE to develop and maintain a financially sound, cost-effective Program and to grow its membership, oversight of the Program must be provided by a party that has a demonstrated record of success in dealing with insurance and self-insurance programs of public agencies and in managing JPAs established for insurance-related purposes. To that end, it is agreed that Keenan & Associates shall be the Program Manager of PACE. Any decision to remove Keenan as the Program Manager shall be carried out in the manner provided in the Bylaws.

6. MEMBERSHIP IN PACE

- (a) Each Signatory must be eligible for membership in PACE as defined in the Bylaws, and shall become a Member on the effective date of this Agreement or on the date that the Signatory becomes a party to this Agreement, whichever is later. Each public agency that becomes a Member shall be entitled to the rights and privileges of membership. By signing this Agreement each Signatory agrees to be subject to and bound by all terms and conditions of this Agreement and of the Bylaws.
- (b) Upon approval the Executive Committee, any California public agency or California JPA, may become a Member by executing a copy of this Agreement.
- (c) Each Member shall (i) pay its own insurance premiums for programs of commercial insurance purchased through PACE, (ii) make such contributions as the Board may deem necessary for any pooled self-insurance program established by PACE, (iii) maintain the minimum self-insured retention as may be set by the Board in conjunction with any insurance or self-insurance coverage arranged, established, or provided for by PACE, (iv) be responsible for a pro rata share of the fees of the Program Manager and such other expenses as may be authorized by the Board, and (v) perform such other acts as are reasonably required by the Board in conjunction with the Program.

7. WITHDRAWAL FROM OR TERMINATION OF MEMBERSHIP

- (a) Any Signatory which has completed two complete years as a Member may voluntarily terminate this Agreement as to itself and withdraw from membership in PACE. Such

termination and withdrawal of membership shall become effective subject and according to the conditions, manner and means set forth in the Bylaws.

- (b) A Member may be involuntarily terminated from PACE as provided by the Bylaws. Such removal from membership shall operate to terminate the Agreement as to such party, but shall have no effect on the continued operation of this Agreement with respect to other Signatories.

8. TERMINATION OF PACE

This Agreement and the JPA may be terminated effective at the end of any fiscal year by the affirmative vote of three-fourths (3/4) of the Members of PACE; provided, however, that PACE and this Agreement shall continue to exist for the purpose of disposing of all claims, distribution of assets, and all other functions necessary to conclude the affairs of PACE.

9. DISPOSITION OF PROPERTY AND FUNDS

- (a) In the event of the dissolution of PACE, the complete rescission, or other final termination of this Agreement by the Signatories then a party hereto, any property interest remaining in PACE following a discharge of all obligations shall be disposed of as provided for by the Bylaws.
- (b) In the event a Signatory terminates its participation in this Agreement and membership in PACE, any property interest of that Signatory remaining in PACE following discharge of its obligations shall be disposed of as provided for by the Bylaws .
- (c) The term "obligations," as referred to herein, shall include, but not be limited to, all payments required by law together with any other obligations incurred by PACE or a Signatory, as applicable, pursuant to this Agreement or the Program.

10. AMENDMENTS

This Agreement may be amended at any time in writing by agreement of by three-fourths (3/4) of the-current Signatories. Any such amendment shall be effective upon the date of final execution thereof, unless otherwise provided in the amendment.

11. SEVERABILITY

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

12. LIABILITY

- (a) Pursuant to the provisions of Sections 895, et seq., of the California Government Code, the Signatories are jointly and severally liable upon any liability which is otherwise imposed by law upon any one of the Signatories or upon PACE for injury caused by a negligent or wrongful act or omission occurring in the performance of this Agreement and the operation of the JPA.

If a Signatory is held liable upon any judgement for damages caused by such an act or

omission and makes payments in excess of its pro rata share on such judgment, such Signatory is entitled to contribution from each of the other Signatories that were parties to the Agreement at the time of the incident or action giving rise to the liability. A Signatory's pro rata share shall be determined in the same manner as for the disposition of property and funds as provided in the Agreement and the Bylaws.

- (b) PACE may insure itself, to the extent deemed necessary or appropriate by the Board, against loss, liability, and claims arising out of or connected with this Agreement.

13. ENFORCEMENT

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

14. EXECUTION

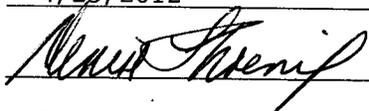
Those public agencies who are the original Signatories to this Agreement shall be considered the founding Members of PACE. Each public agency that subsequently seeks to join PACE will be required to sign an "Agreement and Acceptance" in substantially the same form as Exhibit B, the execution of which will cause the public agency to be deemed a Signatory of this Agreement

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

FOUNDING MEMBERS:

Name of Agency: Town of Danville Denise Phoenix

Date: 4/23/2012

By: 

Title: President

Name of Agency: City of Livingston Odilon Ortiz

Date: 4/23/2012

By: 

Title: Alternate

**AMENDED AND RESTATED BYLAWS
PUBLIC AGENCY COALITION ENTERPRISE
JOINT POWERS AUTHORITY**

PREAMBLE

The Public Agency Coalition Enterprise Joint Powers Authority ("PACE" or "JPA") is established for the purpose of the establishment, operation, and maintenance of a joint program for employee benefits coverage, and such other coverages as the Board may later determine, by its members ("Members"), and to provide a forum for discussion, study, development, and implementation of programs regarding employee benefits, insurance, and self-insurance. PACE shall comply with the provisions of Sections 6503.5 and 53051 of the Government Code requiring the filing of a statement with the Secretary of State.

**ARTICLE I
BOARD OF DIRECTORS**

- A. A Board of Directors ("Board") is hereby established to direct and control PACE. The number of directors shall equal the number of Members. As additional Members are added, the number of directors shall be adjusted accordingly without need to amend these bylaws.
- B. Each Member of PACE shall appoint one of its employees to serve on the Board, and shall notify PACE in writing of the appointment. The Insurance Advisory Committee described in Article VIII ("IAC") shall also appoint one of its members to serve on the Board.
- C. Each Director shall serve an indefinite term which shall end upon the occurrence of any of the following events:
 - 1. Written notice from the appointing Member that it has appointed a replacement for the director;
 - 2. The director ceases to be an employee of the appointing Member, or the IAC, if service as IAC representative;
 - 3. The director provides written notice of resignation; or
 - 4. The director is involuntarily removed from office by a majority vote of the Board.Any vacancy on the Board shall be filled by the Member that appointed the Director leaving the vacancy.
- D. The Board shall meet at least annually and at other times as special meetings are called. The date, time, and place for each such regular meeting shall be fixed by resolution of the Board of Directors, which resolution shall be publicly posted prior to the meeting on a public bulletin board to be designated by the Board and filed with each Member. All meetings of the Board of Directors shall be called, held, and conducted in accordance with the terms and provisions of the Ralph M. Brown Act, Sections 54950, et seq., of the California Government Code ("Act"), as from time to time amended, and in accordance with rules adopted by the Board, provided that such rules are not inconsistent with the Act. The Board shall cause minutes of its meetings to be kept, and shall promptly transmit to the Members true and correct copies of the minutes of such meetings.

- E. The Board, by resolution, shall designate a specific location at which it will receive notices, correspondence, and other communications, and shall designate one of its Members as an agent for the purpose of receiving service on behalf of PACE.
- F. Each Director shall have one vote and, unless otherwise provided under these Bylaws, the action of a majority of Directors at any meeting at which a quorum is present shall constitute the action of the Board. A quorum shall consist of a majority of Directors present at any regular or specially called meeting of the Board.
- G. In addition to those standing committees established by the Bylaws, the Board may appoint and dissolve working committees whose function shall be as designated by the Board. Working committees shall not have authority to act on behalf of the Board, but shall present information, offer input, and/or make suggestions and recommendations to the Board. Unless otherwise prohibited by law or these Bylaws, membership in a working committee is not restricted to Directors. Any employee of a Member may serve on a working committee, provided, however, that each working committee shall have at least one (1) member who is a Director. The President shall appoint the chair and all members of each working committee.
- H. No Director shall receive any compensation in exchange for service as a Director, provided, however, that the Directors shall be reimbursed, in accordance with policies to be adopted by the Board, for all legitimate expenses incurred in the performance of their duties.
- I. The JPA may secure insurance coverage for the Board of Directors

**ARTICLE II
POWERS OF THE BOARD OF DIRECTORS**

- A. The Board may establish rules governing its own conduct and procedure, and have such expressed or implied authority as is not inconsistent with, or contrary to, the laws of the State of California, these Bylaws, or the Joint Powers Agreement (“JPA Agreement.”)
- B. The Board of Directors shall directly or by contract take such action and provide for services required to effectively implement all aspects of this joint program.
- C. Unless otherwise prohibited by law or these Bylaws, the Board may delegate to the Executive Committee the authority to act on Behalf of the Board on any matter that is to be brought before the Board.
- D. The Board shall designate and engage a Program Manager to oversee the day-to-day activities of the JPA.

**ARTICLE III
EXECUTIVE COMMITTEE**

- A. Once the Authority has reached seven (7) Members, the Board shall establish an Executive Committee. The size of the Executive Committee shall be as set by resolution of the Board. The Executive Committee shall be comprised of the PACE Officers and such other Directors as are elected by the Board. Until such time as the Executive Committee is established, the powers and duties of the Executive Committee as designated in these Bylaws shall be the responsibility of the full Board of Directors.
- B. The non-Officer members of the Executive Committee shall be elected by a majority vote of the Directors and shall serve a term ending on December 31 of odd numbered years. In the event of a vacancy on the Executive Committee, the vacancy shall be filled by the majority vote of the Executive Committee. Any individual elected to fill a vacancy shall serve for the remainder of the unexpired term.
- C. The Executive Committee may conduct regular, adjourned regular, special, and adjourned special meetings, provided, however, that it will hold at least two regular meetings each fiscal year. Such meetings may be held concurrent with PACE meetings. The date, time, and place for each such regular meeting shall be fixed by resolution of the Executive Committee, which resolution shall be publicly posted prior to the meeting on a public bulletin board to be designated by the Executive Committee and filed with each Member of PACE.

All meetings of the Executive Committee shall be called, held, and conducted in accordance with the terms and provisions of the Ralph M. Brown Act (Government Code Section 54950, et seq.) (“Brown Act”) of the California Government Code, as said Act may be modified by subsequent legislation, and as the same may be augmented by rules of the Executive Committee not inconsistent therewith.

- D. Except as otherwise provided or permitted by law, all meetings of the Executive Committee shall be open and public. The Executive Committee shall cause minutes of its meetings to be kept, and shall promptly transmit to the Members of PACE true and correct copies of the minutes of such meetings.
- E. Each member of the Executive Committee shall have one (1) vote and, unless otherwise provided in these bylaws, the action of a majority at any meeting at which a quorum is present shall constitute the action of the Executive Committee. A quorum shall consist of a majority of Directors present at any regular or specially called meeting of the Executive Committee.
- F. No individual shall receive any compensation in exchange for service on the Executive Committee, provided, however, that the members of the Executive Committee shall be reimbursed, in accordance with policies to be adopted by the Board, for all legitimate expenses incurred in the performance of their duties.

**ARTICLE IV
POWERS OF THE EXECUTIVE COMMITTEE**

- A. The Executive Committee may establish rules governing its own conduct and procedure, and have such expressed or implied PACE as is not inconsistent with or contrary to the laws of the State of California, these Bylaws, the Agreement, or any rule, policy, procedure, action, or directive of the Board. The Executive Committee shall have no power to overrule or invalidate any action validly taken by the Board.
- B. The Executive Committee shall have the duty to act on behalf of the Board in between the meetings of the Board, but only as described in Part C below.
- C. The powers of the Executive Committee include:
 - 1. Appoint and dissolve working committees;
 - 2. Directly or by contract provide for services required to effectively implement all aspects of this joint program;
 - 3. Review, approve and/or terminate any contract to which PACE is a party, except that the JPA's contract with the Program Manager may only be approved or terminated by the full Board;
 - 4. Approve admission of new Members;
 - 5. Approve the health benefits insurance programs to be offered to the Members;
 - 6. Work with the Program Manager, as appropriate, to oversee PACE's insurance programs and day-to-day operations; and
 - 7. Any other power necessary to conduct the business of PACE unless such power is specifically reserved to the Board.

**ARTICLE V
OFFICERS**

- A. The Officers of PACE shall be elected by the Board, and shall be the President, Vice President, and Secretary/Treasurer. Each officer shall serve a term ending on December 31 of even numbered years. Any person elected or appointed as an Officer may be removed at any time, with or without cause, by a majority vote of the Board. Any vacancy in an Officer position shall be filled by the Board.
- B. The President shall be the chief executive officer and shall have general supervision and direction of the business of PACE, shall see that all orders and resolutions of the Board are carried into effect, and shall have other powers and perform such other duties as may be prescribed from time to time by the Board. The President shall also be a Member of all working committees established by the Board or Executive Committee.
- C. The Vice President shall have such powers and perform such duties as may be prescribed from time to time by the Board or the President. In the absence or disability of the President, the Vice President shall be vested with all the powers and authorized to perform all the duties of the President.

D. The Secretary/Treasurer shall have the following duties:

1. Attend all meetings of PACE and record all votes and the minutes of all meetings;
2. Give, or cause to be given, notice of all meetings of PACE when notice is required by law or these Bylaws;
3. Act as the chief financial officer of PACE and assume the following duties described in Sections 6505.1 and 6505.5 of the California Government Code:
 - i. Receive and receipt for all money of PACE and place it in a County Treasury and/or a commercial account as approved by PACE to the credit of PACE;
 - ii. Be responsible for the safekeeping and disbursement of all money of PACE; and
 - iii. Pay, when due, out of money of PACE, all legitimate and verifiable sums payable by PACE.
4. Verify and report in writing on the first day of July, October, January, and April of each year, or as soon as possible thereafter, to PACE, the amount of money he holds for PACE, the amount of receipts since his last report, and the amount paid out since his last report.
5. Act as Custodian of PACE property; and
6. Perform such other duties as may be prescribed from time to time by law or by PACE or the President.

ARTICLE VI MEMBERSHIP

- A. Membership in PACE is open to any California public agency. Membership shall be deemed to be effective when the prospective Member has:
1. Been approved by the Board or Executive Committee;
 2. Has executed the Agreement; and
 3. Agreed in writing to be bound by these Bylaws.
- B. For purposes of Section A above, “public agency” means any city, state, county, or local government or an agency of city, state, county, or local government, public school district, community college district, county board of education/county superintendent of schools, regional occupational programs/centers, or other public entity or any joint powers authority comprised of any of the foregoing and serving the interests of the public entities detailed in this section.

ARTICLE VII PROGRAM MANAGER

A Program Manager shall oversee the day-to-day operations and administrative functions of PACE. The Program Manager shall also act as PACE’s benefits consultant and insurance broker for the organization. Given its extensive experience as an insurance broker/consultant and in the management of pooled insurance programs and joint powers authorities, Keenan shall serve as PACE’s Program Manager. Keenan shall serve at the pleasure of the Board and may be removed as the Program Manager if such removal is authorized by unanimous consent of all Directors. The

compensation of the Program Manager will be set each year by the Board. Members shall comply with any initiatives or programs implemented by the Program Manager on behalf of PACE, including, but not limited to, the use of the BenefitBridge data platform to facilitate enrollment and the transmission of eligibility data.

ARTICLE VIII INSURANCE ADVISORY COMMITTEE

- A. There shall be created an Insurance Advisory Committee (“IAC”) whose purpose shall be to advise and consult with the Board with respect to the interests and concerns of non-management employees of the Members. Each Member shall designate up to two (2) individuals from the organization to serve on the IAC. Individuals shall serve on the IAC at the pleasure of the appointing Member and any individual so serving may be removed and replaced by the appointing Member at any time for any reason.
- B. The IAC shall appoint two (2) members of the Committee to serve as Directors of the Authority. Except as expressly described in this Article VII, any individual representing the IAC on the Board of Directors shall have the same duties, responsibilities, and conditions of tenure as each other Director.
- C. The IAC shall select one individual to serve as its Chair. The Chair shall preside over all meetings of the IAC.
- D. The IAC shall function only in an advisory capacity and shall have no authority to take any action or make any decision on behalf of the Authority.
- E. All meetings of the IAC will be called, held and conducted in compliance with the provisions of the Brown Act.
- F. The IAC members shall not receive compensation for their service on the Committee. Expenses incurred by an IAC member at the direction or request of the Board shall be eligible for reimbursement only if approved in advance.
- G. The IAC shall meet at least once annually. Additional meetings may be convened upon request of the Chair or any IAC member, or at the request or direction of the Board.

ARTICLE IX WELLNESS INITIATIVES

Each Member shall promote the health and well-being of its employees through participation in the wellness initiatives adopted by PACE. In furtherance of such initiatives, and to support a wellness program among its own employees, each Member shall:

1. Create a wellness leadership team representing management and labor, which meets monthly and assists with providing direction for the program design, implementation, and evaluation.;

2. Establish an employee wellness committee to provide involvement of the workforce in program design and advocacy;
3. Conduct an audit of the wellness environment in the organization, and identify actions to be taken to support a culture of wellness;
4. Conduct an assessment of employee wellness needs, interests, and challenges;
5. Develop a multi-year wellness program blueprint – including mission, goals, and objectives – to provide an action plan for implementing and evaluating the program, and for sustaining the program to achieve a positive return on investment;
6. Create a wellness program branding;
7. Develop a strategy for engaging employees in the program, including an incentives program plan; and
8. Identify metrics for monitoring and evaluating the program’s progress and outcomes.

**ARTICLE X
FINANCE**

- A. PACE shall operate on a fiscal year from January 1st through December 31st.
- B. No less than 120 days before the end of the fiscal year, the Executive Committee shall adopt an operating budget (“Operating Budget”) for the following fiscal year. A copy of the Operating Budget shall be transmitted to each of the Members.
- C. As necessary, an Operating Account shall be established and maintained by the Program Manager for any the monies that may be received by PACE. Funds from the Operating Account shall be used for the payment of the operating expenses of PACE.
- D. Each Member shall be responsible for the payment of its own insurance premiums.
- E. Each Member shall be responsible for a pro rata share of the fees of the Program Manager and such other expenses as may be authorized by the Board. The amount of each Member’s share shall be calculated on a per employee per month basis.

**ARTICLE XI
SELECTION OF INSURANCE COVERAGE**

- A. The Program Manager shall, upon Board recommendation, solicit and obtain quotes from insurance carriers for presentation to the Board.
- B. The Board shall determine the carrier(s) and insurance options that will be made available to the Members.
- C. Coverage shall renew as of the first day of each fiscal year.

- D. Each Member must purchase its benefits coverage through the JPA, unless the selected carrier(s) refuses to offer a quote for such Member, in which case the Member will be terminated from membership in PACE, pursuant to Article XII.
- E. Each member may select from the available commercial insurance coverage options in accordance with the guidelines set up by carrier(s) and/or the JPA. Once its options have been selected, a Member may not change its selected options for a period of 3 years, provided, however, that under extenuating circumstances a Member may request that this requirement be waived. Any Member requesting a waiver must present its request in writing to the Executive Committee explaining the circumstances and the reasons why the waiver should be granted. The Executive Committee shall have the sole authority to determine, in its absolute discretion, whether or not to grant the waiver. The decision of the Executive Committee shall be final.
- F. Each Member will be responsible for the timely payment of its insurance premiums. Failure to pay premiums when due is grounds for termination of membership in the JPA.

ARTICLE XII ACCOUNTS AND RECORDS

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

ARTICLE XIII TERMINATION OF MEMBERSHIP

- A. Any Member who has been a member of PACE for at least two (2) years may terminate its membership and its participation in the Joint Powers Agreement by providing notice in the manner prescribed in Section B below. Termination will be effective as of the last day of the then-current fiscal year.

- B. Notice must be given at least 120 days before the end of the fiscal year. Notice must be in writing signed by the chief executive of the Member and submitted with a copy of a resolution of the Member's Board of Trustees authorizing the termination. If a Member submits notice of an intent to terminate, but subsequently decides to remain in PACE, the Member shall not be permitted to submit another termination notice for two years. The Board has the right to impose a termination fee upon any Member who fails to provide notice in the manner required by these Bylaws.
- C. Any Member withdrawing from PACE shall not be eligible to reapply for membership for a period of three (3) years.
- D. The terminating Member will not be eligible to renew any insurance coverage obtained through PACE at the rates available to PACE Members
- E. A Member may be involuntarily terminated from PACE upon a two-thirds (2/3) majority vote of the Executive Committee at any meeting at which a quorum is present.
- F. Grounds for involuntary termination include, but are not limited to, the following:
 1. Failure or refusal to abide by the Agreement or Bylaw, and/or any amendment thereto;
 2. Any action which in the opinion of the Board is contrary to best the interests, goals and/or objectives of PACE and its Members.
 3. Failure of a Member to disclose a material fact to PACE or its Program Manager which, in the opinion of the Board, constitutes fraud, misrepresentation or concealment for the purposes of obtaining coverage with PACE.
 4. Failure to qualify for any insurance coverage offered through PACE;
 5. Failure for more than 60 days to pay any of its share of the Program Manager's fees; or
 6. The cancellation of insurance obtained through PACE for non-payment of premiums.

Involuntary termination shall have the effect of eliminating the Member as a signatory to the Agreement and as a Member of PACE. Termination shall be effective upon such other date as the Board may specify, but in no case less than thirty (30) days after notice of involuntary termination is given. In the event that termination occurs before the last day of the fiscal year, any insurance obtained by the terminated Member through PACE shall continue until the first day of the month following the termination date.

ARTICLE XIV DISPOSITION OF PROPERTY AND FUNDS

In the event of the dissolution of PACE, the complete rescission, or other final termination of Joint Powers Agreement by all Members then a party to the Agreement, any property interest remaining in PACE following a discharge of all obligations shall be disposed of pursuant to a plan adopted by the Board of Directors with the objective of returning to each Member a pro rata share of the remaining interest. The pro rata share shall be determined by the length of time each entity has been a Member.

**ARTICLE XV
INVESTMENT OF FUNDS**

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

**ARTICLE XVI
AMENDMENT**

- A. Amendment to these Bylaws may be proposed by any Member of the Board.
- B. Except as otherwise provided in these Bylaws, amendments to these Bylaws must be adopted by a two-thirds (2/3) vote of all Directors. Any amendments duly adopted by the Board shall be binding upon all Members of PACE. Any amendment that would alter the rights of the Members or would fundamentally change the purpose of the JPA as established in the Preamble to these Bylaws, must be approved by the unanimous consent of all Directors. The effective date of any amendment will be on the first day of the next month following adoption, unless otherwise stated.

**ARTICLE XVII
SEVERABILITY**

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

**ARTICLE XVIII
EFFECTIVE DATE**

These Bylaws shall become effective immediately upon their adoption by the Board.