

RESOLUTION OF PARTICIPATION  
IN THE LIABILITY PROGRAM OF  
THE CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY (CSRMA)  
EFFECTIVE JANUARY 1, 1987

SEWER AUTHORITY MID-COASTSIDE

RESOLVED, by the Board of Directors of the Sewer Authority Mid-Coastside, San Mateo County, California, as follows:

WHEREAS, The Sewer Authority Mid-Coastside (SAM) is a Member Agency of The California Sanitation Risk Management Authority ("SCRMA");

WHEREAS, The Sewer Authority Mid-Coastside supports the efforts of The SCRMA to reduce the liability insurance costs of its members through the implementation of a pooled liability insurance program;

WHEREAS, The Sewer Authority Mid-Coastside desires to join together with like agencies for the purpose of jointly establishing self-insurance reserve funds, and jointly purchasing excess Insurance - Risk Management and Administrative services;

WHEREAS, there has been submitted to this Board a *Participation Agreement For The Liability Insurance Program*; and

WHEREAS, this Board has duly reviewed and considered same;

NOW, THEREFORE, it is ordered and determined as follows:

- (1) in consideration of the mutual advantages to be derived therefrom, The Sewer Authority Mid-Coastside hereby expresses its intent to participate in such pooled liability insurance program provided there is a sufficient number of agencies entering the program and it is economically feasible to implement the program; and
- (2) that the General Manager is hereby authorized and directed to execute the *Participation Agreement For The Liability Insurance Program* on behalf of this Authority, and his actions in doing so are hereby ratified and confirmed.

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I hereby certify that the foregoing is a full, true and correct copy of a resolution duly and regularly passed and adopted by the Board of Directors of the Sewer Authority Mid-Coastside, San Mateo County, California, at a meeting thereof held the 26 th day of January, 1987, by the following vote:

*AYES, and in favor thereof, Directors:* Schuetrum, Kuhn,  
Beer, Bedesem, Shapira, Giddings.

*NOES, Directors:* None.

*ABSENT, Directors:* None.

  
Chairman

COUNTERSIGNED:

  
Secretary

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY ("CSRMA")

**SAM FILE**  
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PARTICIPATION AGREEMENT  
FOR THE  
LIABILITY INSURANCE PROGRAM

This entity, SEWER AUTHORITY MID-COASTSIDE,  
signatory to the California Sanitation Risk Management Authority ("CSRMA")  
Joint Powers Agreement, has agreed by action of its Board of Directors on  
December 22, 19 86, to participate in the CSRMA Auto and  
General Liability Program, hereinafter referred to as "Liability Insurance  
Program". As evidenced by the authorized signature on page 7 of this document,  
the above-mentioned entity shall become a participant in the Liability Insurance  
Program and be referred to as a "Program Participant".

It is understood that this Participation Agreement pertains only to the  
Liability Insurance Program, and that a separate Participation Agreement is  
required for each CSRMA insurance program.

By completing the following steps for CSRMA and Liability Insurance  
Program membership, Liability Insurance coverage shall begin on January 1, 1987,  
which is the first of the month following approval by the CSRMA Board of Directors,  
or the earliest date which is acceptable to either the CSRMA Board of Directors  
and/or the Liability Insurance Program underwriter, if applicable:

- 1) paying the \$650 Application and \$500 Program Fees;
- 2) receiving an underwriting/loss evaluation for qualification purposes and Deposit Premium calculation;
- 3) receiving and paying for a facility physical inspection, if required;
- 4) qualifying and being recommended for approval by the CSRMA Underwriting Committee;
- 5) being recommended by the Executive Committee for acceptance by the Board of Directors, and receiving such acceptance;

6) executing the CSRMA "Joint Powers Agreement", the "Notice of Intent" and "Resolution to Join";

7) executing this Liability Insurance Program Participation Agreement, whereby:

\* the deductible level of \$ ---2,500.00 is selected

\* the Deposit Premium in the amount of \$ ---32,360.00, as previously quoted, is accepted, and, remittance for such is due by Policy Inception;

8) and, in accordance with Section 18(a) of the CSRMA Joint Powers Agreement, Program Participant hereby names the following individual as its representative to the Liability Insurance Program Board of Directors: General Manager,  
WILLIAM S. HEASLET

(It is understood that all other requirements of the Districts, as outlined in Section 18 of the CSRMA Joint Powers Agreement, shall be met.)

**MINIMUM PARTICIPATION PERIOD FOR LIABILITY INSURANCE PROGRAM:**

It is understood that the CSRMA Liability Insurance Program requires an initial three-year commitment in order to participate in the program. Withdrawal from the Liability Insurance Program cannot occur until three full years of participation have occurred; that is, from the coverage inception date until the end of the third consecutive policy year, and only then if a six-month prior notice was provided, as required in Section 21(b) of the CSRMA Joint Powers Agreement.

After the initial three-year participation commitment has been met, withdrawal can occur at the end of a policy year provided a six-month prior notice of intent to withdraw was provided the Authority, as noted above.

Program Participants remain subject to the "Termination" provisions of Section 22 in the CSRMA Joint Powers Agreement, despite the three-year participation commitment.

**RESPONSIBILITIES OF PROGRAM PARTICIPANTS:**

Program Participants shall maintain an open and on-going flow of data and information to the Authority staff, committees and/or Board of Directors, as required, in addition to the following:

- \* provide the Liability Insurance Program with such statistical and loss experience data and other information as is necessary to carry out the purposes as outlined in the CSRMA Agreement, Bylaws or as set forth during official meetings of the Executive Committee and/or the Board of Directors;
- \* pay the Liability Insurance Program when due any and all Deposit Premiums and Retrospective Premium Adjustments (assessments) for each Program Year. Withdrawal or Termination does not relieve the entity from liability for such retrospective adjustments.
- \* fully cooperate with the Liability Insurance Program staff and/or representatives in determining the cause of losses in the settlement of claims;
- \* comply with all provisions, policies and procedures of the CSRMA Liability Insurance Program as set out in Section 23 of the CSRMA Joint Powers Agreement.

**RESPONSIBILITY FOR LIABILITY INSURANCE PROGRAM EXPENSES:**

Liability Insurance Program members are responsible for their pro rata share of all Liability Insurance Program expenses:

For the self-funded layer: projected losses; margin for contingency; claims adjusting and legal fees, loss-control services, general

administration, and costs for any other services as identified by the Executive Committee per authority vested by the CSRMA Agreement and/or Bylaws;

For the excess-layer(s) expenses: excess insurance premium cost (first layer: excess the Authority's self-insured retention) and premium costs for any other layer(s) of excess insurance which may be purchased.

A Program Participant's pro rata share of the program costs shall be reflected, as accurately as possible, within its Deposit Premium, which is based upon the Liability Insurance Program's budgetary needs, prior claims experience, actuarial projections for future years' losses, and any other expenses deemed necessary by the Board of Directors. The cost-allocation formula may be subject to change by the Board of Directors.

The withdrawal or termination of any Program Participant from the Liability Insurance Program shall not terminate the responsibility to continue to contribute to its share of assessments on prior Policy Years or other financial obligations incurred by reason of its previous participation (refer to CSRMA Agreement, Section 23).

#### **RETROSPECTIVE PREMIUM ADJUSTMENT**

In accordance with the above section (and Section 19(b) 3. of the CSRMA Agreement), a financial reconciliation or audit of each Policy Year will occur in order to determine if enough funds were collected by Deposit Premiums for each Policy Year.

In general, any deficiency or surplus in the Deposit Premium amounts shall be adjusted by a Retrospective Premium Adjustment. The Retrospective

Premium Adjustment (audit) process examines all claims and expenses for the Policy Year in review to determine if Deposit Premiums were adequate. At this time, investment income is also allocated back to each Program Participant on a pro rata basis. If Deposit Premiums were not adequate to meet costs of all expenses, an "assessment" to make up the difference, can take place (refer to Agreement, Section 19(b) 3). If there is a surplus of Deposit Premium funds, a refund or a credit will exist for Program Participants. The Retrospective Premium Adjustments will be conducted in conjunction with the Deposit Premium calculations for the following year (refer to CSRMA Agreement, Section 19(b) 2).

Specifically, Retrospective Premium Adjustments for the Liability Insurance Program shall be calculated within six months after the conclusion of each Program Year and annually thereafter until all applicable claims are finalized. In addition, the Board of Directors may have special Retrospective Premium Adjustments calculated at any time if, in its opinion, it becomes advisable. The results of the calculations shall be communicated to the Program Participants within one month following each calculation. The adjustments resulting from special calculations authorized by the Board shall be due as specified by the Board.

The Retrospective Premium Adjustment for each layer (self-funded layer and excess layer(s)) for each Program Year shall be calculated for each Program Participant by adding the sums of (A) and (B) below, less the Deposit Premiums on hand (or "on deposit" with the Authority):

(A) An amount equal to the individual Program Participant's incurred losses and share of expenses and interest income for such layer; provided, however, that such amount shall not be greater than 150% of the Deposit

Premium for that layer, nor less than 75% of the Deposit Premium for that layer;

(B) Each Program Participant's proportionate share (based upon the amounts determined pursuant to (A) above) of the difference between the sum of the individual amounts calculated pursuant to (A) above, and the total of all incurred losses, reserved, expenses and interest income for such layer.

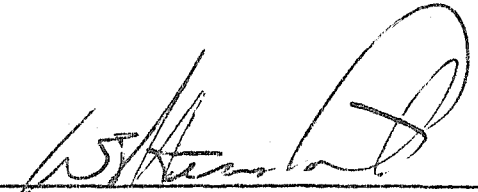
Retrospective Premium Adjustment formulas are subject to change by the Board of Directors.

\* \* \* \* \*

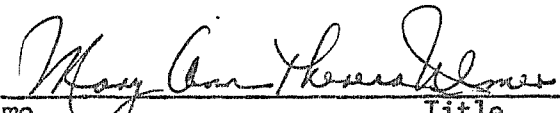
The above Participation Agreement conveys an accurate and complete representation of all obligations of Liability Insurance Program Participants, as generally stated in the CSRMA Bylaws and Agreement.

Any amendments to the Liability Insurance Program Participation Agreement shall require a two-thirds vote of the entire Liability Insurance Program membership and shall generally conform to CSRMA Agreement, Section 26.

In recognition of the above, this Participation Agreement is hereby executed on January 7,, 1987, and shall remain in effect until said entity noted below provides written withdrawal notification or is terminated from such Liability Insurance Program.

SIGNED:   
TITLE: W. S. HEASLET - General Manager  
ENTITY: Sewer Authority Mid-Coastside

ATTEST:

  
Name Title  
Mary Ann I. Ulmer - Administrative Assistant

Date: January 7, 1987

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY ("CSRMA")

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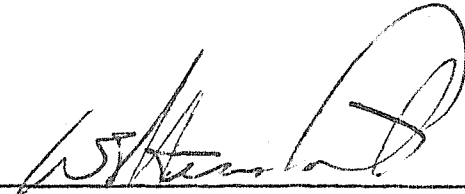
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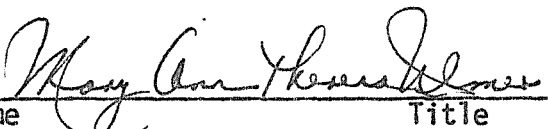
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Mary Ann T. Ulmer - Administrative Assistant  
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