

Board Agenda Item

TO: Air Pollution Control District Board

FROM: Aeron Arlin Genet, Air Pollution Control Officer 

CONTACT: Kristina Aguilar, CPA, Administrative Division Manager, (805) 979-8288

SUBJECT: Special District Risk Management Authority Health Benefits Plan Update

RECOMMENDATION:

Consider recommendations as follows:

1. Adopt a new Resolution authorizing the District's continued participation in the Special District Risk Management Authority's (SDRMA) health benefit program, thereby superseding Resolution No. 19-15; and
2. Approve and authorize the Chair to execute the Memorandum of Understanding (MOU) relating to the SDRMA's health benefits program.

DISCUSSION:

One of the goals of the District is to provide health benefit programs that are both affordable and meet the needs of employees. These needs include quality care, an adequate choice of providers, and the ability to select from a variety of options and costs.

Resolution No. 19-15 authorized the District's continued participation in SDRMA's health benefit programs effective October 17, 2019. Due to the size of our agency, monthly health insurance premium rates have been historically high. By joining the SDRMA health benefit program pool, the District was able to extend lower premiums to our staff. Each year before open enrollment, the District researches rates and health insurance providers, and options are discussed by the benefits committee (consisting of one representative each from Service Employees International Union Local 620 (SEIU), Engineers and Technicians Association (ETA), Management, and Confidential-Unrepresented). Based on those discussions, the committee recommends the best options to the

Air Pollution Control Officer, who then finalizes the benefits package. Each year, the District has continued to find the best health benefit programs through SDRMA.

SDRMA has amended and restated its Health Benefits Program MOU since its last approval by your Board on October 17, 2019 (Resolution No. 19-15), and an updated MOU must be executed to continue the District's participation. The amended MOU expands and clarifies key definitions; details program entry, eligibility, and premium billing procedures; adds provisions addressing assessments, dividends, and late payment; revises the withdrawal notice period and re-entry requirements; and adds a binding arbitration clause for dispute resolution. A summary of the changes, together with clean and redlined versions of the amended MOU, is attached for your Board's review. The District is recommending that your Board adopt the attached resolution and approve the amended MOU to allow for the District's continued participation in SDRMA's health benefits program.

The SDRMA is a public entity Joint Powers Authority established to provide cost-effective insurance coverage and risk management programs for special districts and other public agencies throughout California. The SDRMA has been the District's workers' compensation insurer since 2005, which has resulted in significant savings to the District. As a member of SDRMA, the District is eligible to participate in their health benefits program.

FISCAL IMPACT:

There is no fiscal impact for this action. The District's contribution towards employees' medical benefits was included in the FY 2026-27 budget that was adopted by your Board on June 25, 2026.

ATTACHMENTS:

- A. Resolution authorizing participation in the SDRMA Health Benefits Program.
- B. SDRMA Health Benefits Program Amended Memorandum of Understanding (Clean Version).
- C. SDRMA Health Benefits Program Amended Memorandum of Understanding (Redline Version).

ATTACHMENT A

Resolution authorizing participation in the SDRMA Health Benefits Program

October 15, 2026

Santa Barbara County Air Pollution Control District
Board of Directors

260 San Antonio Road, Suite A
Santa Barbara, California 93110

1011 West McCoy Lane
Santa Maria, CA 93455

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE SANTA BARBARA COUNTY
AIR POLLUTION CONTROL DISTRICT**

IN THE MATTER OF APPROVING THE
FORM OF AND AUTHORIZING THE
EXECUTION OF A MEMORANDUM OF
UNDERSTANDING AND
PARTICIPATION IN THE SPECIAL
DISTRICT RISK MANAGEMENT
AUTHORITY’S HEALTH BENEFITS
PROGRAM

APCD RESOLUTION NO. _____

RECITALS

WHEREAS, Santa Barbara County Air Pollution Control District, a public agency duly organized and existing under and by virtue of the laws of the State of California (the “ENTITY”), has determined that it is in the best interest and to the advantage of the ENTITY to participate in the Health Benefits Program offered by the Special District Risk Management Authority (the “Authority”); and

WHEREAS, the Authority was formed in 1986 in accordance with the provisions of California Government Code 6500 et seq., for the purpose of providing risk financing, risk management programs and other coverage protection programs; and

WHEREAS, participation in Authority programs requires the ENTITY to execute and enter into a Memorandum of Understanding which states the purpose and participation requirements for the Health Benefits Program; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the transactions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the ENTITY is now duly authorized and empowered, pursuant to each and every requirement of law, to

IN THE MATTER OF APPROVING THE FORM OF AND AUTHORIZING
THE EXECUTION OF A MEMORANDUM OF UNDERSTANDING AND
PARTICIPATION IN THE SPECIAL DISTRICT RISK MANAGEMENT
AUTHORITY'S HEALTH BENEFITS PROGRAM

consummate such transactions for the purpose, in the manner and upon the terms herein provided; and

WHEREAS, Resolution No. 19-15 of the Board of Directors of the Santa Barbara County Air Pollution Control District established the ENTITY's participation in the Authority's Health Benefits Program; and

WHEREAS, amendments to the Authority's Health Benefits Program Memorandum of Understanding necessitate the execution of a new Memorandum of Understanding between the ENTITY and the Authority.

NOW, THEREFORE, IT IS HEREBY RESOLVED, as follows:

1. Resolution No. 19-15 of the Board of Directors of the Santa Barbara County Air Pollution Control District is hereby superseded by the adoption of this Resolution.
2. Findings. The ENTITY's Governing Body hereby specifically finds and determines that the actions authorized hereby relate to the public affairs of the ENTITY.
3. Memorandum of Understanding. The Memorandum of Understanding, to be executed and entered into by and between the ENTITY and the Authority, in the form presented at this meeting and on file with the ENTITY's Secretary, is hereby approved. The ENTITY's Chair ("The Authorized Officer") is hereby authorized and directed, for and in the name and on behalf of the ENTITY, to execute and deliver to the Authority the Memorandum of Understanding.
4. Program Participation. The ENTITY's Governing Body approves participating in the Special District Risk Management Authority's Health Benefits Program.
5. Other Actions. The Authorized Officer of the ENTITY is each hereby authorized and directed to execute and deliver any and all documents which are necessary in order to consummate the transactions authorized hereby and all such actions heretofore taken by such officers are hereby ratified, confirmed and approved.
6. Effective Date. This resolution shall take effect immediately upon its passage.

IN THE MATTER OF APPROVING THE FORM OF AND AUTHORIZING
THE EXECUTION OF A MEMORANDUM OF UNDERSTANDING AND
PARTICIPATION IN THE SPECIAL DISTRICT RISK MANAGEMENT
AUTHORITY'S HEALTH BENEFITS PROGRAM

PASSED, APPROVED AND ADOPTED by the Air Pollution Control District Board of
the Santa Barbara County, State of California, this ____ day of _____, _____, by the
following vote:

Ayes:

Noes:

Abstain:

Absent:

SANTA BARBARA COUNTY
AIR POLLUTION CONTROL DISTRICT

ATTEST:

AERON ARLIN GENET
Clerk of the Board

By _____
Deputy

By _____
Chair

Date _____

APPROVED AS TO FORM:

RACHEL VAN MULLEM
Santa Barbara County Counsel

By 
Jessica Richardson (Sep 25, 2026 13:11:00 PDT)
Deputy

APPROVED AS TO FORM:

RISK MANAGEMENT
Risk Manager

By 
Marisa Kahn (Sep 25, 2026 14:26:30 PDT)
Risk Manager

APPROVED AS TO FORM:

BETSY M. SHAFFER, CPA
Auditor-Controller

By 
Deputy

ATTACHMENT B

SDRMA Health Benefits Program Amended Memorandum of Understanding (Clean Version)

October 15, 2026

Santa Barbara County Air Pollution Control District
Board of Directors

260 San Antonio Road, Suite A
Santa Barbara, California 93110

1011 West McCoy Lane
Santa Maria, CA 93455

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (HEREAFTER “MEMORANDUM”) IS ENTERED INTO BY AND BETWEEN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (HEREAFTER “SDRMA”) AND THE PARTICIPATING PUBLIC ENTITY (HEREAFTER “ENTITY”) WHO IS SIGNATORY TO THIS MEMORANDUM.

WHEREAS, on August 1, 2006, SDRMA in its capacity as a member of Public Risk Innovation, Solutions and Management (PRISM) and having executed the Joint Powers Agreement (JPA) governing PRISM, was appointed administrator for the purpose of enrolling small public entities into the (PRISM) Health and/or Employee Benefits Small Group Program (hereinafter "Program"); and

WHEREAS, the terms and conditions of the PROGRAM as well as benefit coverage, rates, assessments, and premiums are governed by the PRISM Health Committee and/or PRISM Employee Benefits Committee for the Program (the "Committee") and not SDRMA; and

WHEREAS, ENTITY desires to enroll and participate in the Program, acknowledging that SDRMA acts solely in an administrative capacity and does not establish Program terms.

NOW THEREFORE, SDRMA and ENTITY agree as follows:

1. **DEFINITIONS.** For purposes of this MEMORANDUM, unless the context otherwise requires, the following terms when capitalized have the respective meanings set out below and are applicable to the singular as well as to the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms.
 - a. “Committee” means the PRISM Health Committee and/or PRISM Employee Benefits Committee for the Program.
 - b. “Coverage Documents” means, except as otherwise provided herein, coverage documents from each carrier outlining the coverage provided, including terms and conditions of coverage, are controlling with respect to the coverage of the Program and will be provided by SDRMA to each ENTITY. Documents will be made available through the online SDRMA Portal and be accessible to approved users of the ENTITY.
 - c. “Program Participation Agreement” means the agreement issued by PRISM/AUS Underwriting to the Entity that details the final terms of acceptance and any special exceptions or terms that have been made a part of the underwriting approval and is required to be completed and executed in order to constitute full acceptance as a member of the PRISM Small Group Program.

d. "Program" or "PRISM" means the Public Risk Innovation, Solutions and Management (PRISM) Health and/or Employee Benefits Small Group Program.

e. "Program Documents" means the following: SDRMA Program Administrative Guidelines, SDRMA Resolution, Program Underwriting application and any required underwriting documents, Program approval, Program Underwriting & Eligibility Rules and Program Participation Agreement.

2. PURPOSE. ENTITY is signatory to this MEMORANDUM for the sole purpose of enrolling in the Program.
3. ENTRY INTO PROGRAM. ENTITY shall apply for participation in the Program by executing and all forms prescribed by SDRMA. SDRMA shall submit the completed forms to the Program's Underwriter who has the authority to accept or reject Entity's application in its sole discretion based on the Program's governing documents and in accordance with the Program's eligibility guidelines.
4. MAINTENANCE OF EFFORT. Program provides health benefits to all active employees, retired employees, dependents of an active or retired employee and public officials of the ENTITY who satisfy requirements for participation. ENTITY public officials may participate in the Program only if they are currently being covered and their own ENTITY's enabling act, plans and policies allow it. ENTITY must contribute at least the minimum percentage required by the eligibility requirements
5. PREMIUMS. ENTITY agrees and acknowledges that premiums and rates for the Program are set by the Committee and that SDRMA's Administrative Fee is set by SDRMA For each billing cycle. ENTITY will remit the total monthly amount billed by SDRMA for each category of participants and the census of covered employees, public officials, dependents and retirees. PREMIUMs are based on a full month, and there are no partial months or prorated PREMIUMs. Enrollment for mid-year qualifying events and termination of coverage will be made in accordance with the SDRMA Program Administrative Guidelines.

Late Payment Penalties. ENTITY shall pay all PREMIUM invoices as billed to SDRMA, regardless of any changes to eligibility or adjustments to PREMIUMs that may occur during the billing month and not reflected in the PREMIUM invoice. SDRMA shall issue PREMIUM invoices to ENTITY prior to the coverage month in which they are due. PREMIUM invoices are due by the due date stated on the invoice and considered delinquent thirty (30) calendar days from the due date. In addition to the outstanding balance due for any unpaid invoice, ENTITY shall be liable to SDRMA for a late payment penalty of 1% of the outstanding balance of any unpaid portion of such invoice effective (30) calendar days after the invoice due date. SDRMA reserves the right to terminate the

MEMORANDUM and ENTITY'S Participation Agreement, including immediate cessation of all services under the Program, any time after it provides written notice to ENTITY of its failure to pay the amount due of any invoice.

6. **BENEFITS.** Benefits provided to ENTITY participants shall be as set forth in ENTITY's Plan Summary for the Program and as agreed upon between the ENTITY and its recognized employee organizations as applicable. Not all plan offerings will be available to ENTITY, and plans requested by ENTITY must be submitted to Program underwriter for approval.
7. **ASSESSMENTS AND DIVIDENDS.** The Program annual premium, as approved by the Committee will be established at a level which is anticipated to provide adequate overall funding. The Program will directly manage surpluses and deficits. Premiums are targeted to fund expected claims (including incurred-but-not-reported (IBNR) and run-out), reinsurance (if any), Program/administrative expenses, and any reserve or margin adopted by the Committee.

If Program funds are insufficient (including funding IBNR), the Committee may impose premium assessments on all applicable participating Entities, consistent with the JPA, including ENTITY signing this MEMORANDUM. Entities that have withdrawn from the Program are liable for assessments attributable to plan year(s) in which they participated.

After appropriate reserves and obligations are funded and any Committee-approved margin is achieved, the Committee may declare a dividend or premium credit, using a formula recommended by the Program Underwriters and actuary.

8. **WITHDRAWAL.** ENTITY may withdraw from this MEMORANDUM and terminate its Program Participation Agreement for a subsequent calendar year subject to the following condition: ENTITY shall notify SDRMA in writing of its intent to withdraw from this MEMORANDUM and terminate its Program Participation Agreement at least 120 days prior to January 1st of the subsequent calendar year in which it shall be effective. No withdrawal shall become effective until December 31 of the year that notice of termination is received. ENTITY may rescind its notice of intent to withdraw and terminate no later than October 1st. Once ENTITY withdraws from the Program, there is a 3-year waiting period to come back into the Program, and the ENTITY will be subject to underwriting approval.
9. **ARBITRATION OF DISPUTES.** To the extent permitted by law, all controversies between the ENTITY and SDRMA that may arise out of or relate to any of the services provided by SDRMA under the MEMORANDUM, or the construction, performance or breach of this or any other agreement between the ENTITY and SDRMA, whether entered into prior to, on or subsequent to the date hereof, shall be settled by binding arbitration in the City of

Sacramento, California, under the Commercial Arbitration Rules of the American Arbitration Association. Judgment upon any award rendered by the arbitrator(s) shall be final and may be entered into any court having jurisdiction.

10. GOVERNING LAW. This MEMORANDUM shall be governed in accordance with the laws of the State of California.
11. VENUE. Venue for any dispute or enforcement shall be in the City of Sacramento, California.
12. ATTORNEY FEES. The prevailing party in any dispute shall be entitled to an award of reasonable attorney fees.
13. COMPLETE AGREEMENT. This MEMORANDUM together with the related Program Documents constitutes the full and complete agreement of the ENTITY.
14. SEVERABILITY. Should any provision of this MEMORANDUM be judicially determined to be void or unenforceable, such determination shall not affect any remaining provision.
15. AMENDMENT OF MEMORANDUM; WAIVER. This MEMORANDUM may not be modified, nor shall any provision hereof be waived or amended, except in a writing duly signed by authorized representatives of SDRMA and ENTITY. The failure of either Party to enforce at any time any provision of the MEMORANDUM shall not be construed to be a waiver of such provision, nor in any way to affect the validity of the MEMORANDUM or the right of either party thereafter to enforce each and every such provision. If ENTITY fails or refuses to execute an amendment to this MEMORANDUM by the deadline included in written notice of SDRMA'S execution of said amendment, SDRMA reserves the right to terminate this MEMORANDUM and ENTITY'S Program Participation Agreement effective as of the next annual renewal date.
16. EFFECTIVE DATE. This MEMORANDUM shall become effective on the later of the first date of coverage for the ENTITY or the last date of signing of this MEMORANDUM by the Chief Executive Officer or Board President of SDRMA and the authorized person for the ENTITY.
17. EXECUTION IN COUNTERPARTS. This MEMORANDUM may be executed in several counterparts, each of which shall be an original, all of which shall constitute but one and the same instrument.

In Witness Whereof, the undersigned have executed the MEMORANDUM as of the date set forth below.

Dated: _____

By: _____

Special District Risk
Management Authority

Dated: _____

By: _____

Santa Barbara County
Air Pollution Control District

ATTACHMENT C

SDRMA Health Benefits Program Amended Memorandum of Understanding (Redline Version)

October 15, 2026

Santa Barbara County Air Pollution Control District
Board of Directors

260 San Antonio Road, Suite A
Santa Barbara, California 93110

1011 West McCoy Lane
Santa Maria, CA 93455



MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (HEREAFTER “MEMORANDUM”) IS ENTERED INTO BY AND BETWEEN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (HEREAFTER “SDRMA”) AND THE PARTICIPATING PUBLIC ENTITY (HEREAFTER “ENTITY”) WHO IS SIGNATORY TO THIS MEMORANDUM.

WHEREAS, on August 1, 2006, SDRMA in its capacity as a member of Public Risk Innovation, Solutions and Management (PRISM) and having executed the Joint Powers Agreement (JPA) governing PRISM, was appointed administrator for the purpose of enrolling small public entities into the ~~Public Risk Innovation, Solutions and Management~~ (PRISM) Health and/or Employee Benefits Small Group Program (hereinafter "~~PROGRAM~~program"); and

WHEREAS, the terms and conditions of the PROGRAM as well as benefit coverage, rates, assessments, and premiums are governed by the PRISM Health Committee and/or PRISM Employee Benefits Committee for the ~~PROGRAM~~program (the "~~COMMITTEE~~committee") and not SDRMA; and

WHEREAS, ENTITY desires to enroll and participate in the ~~PROGRAM~~program, acknowledging that SDRMA acts solely in an administrative capacity and does not establish Program terms.

NOW THEREFORE, SDRMA and ENTITY agree as follows:

1. DEFINITIONS. For purposes of this MEMORANDUM, unless the context otherwise requires, the following terms when capitalized have the respective meanings set out below and are applicable to the singular as well as to the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms.

a. “Committee” means the PRISM Health Committee and/or PRISM Employee Benefits Committee for the Program.

b. “Coverage Documents” means, except as otherwise provided herein, coverage documents from each carrier outlining the coverage provided, including terms and conditions of coverage, are controlling with respect to the coverage of the Program and will be provided by SDRMA to each ENTITY. Documents will be made available through the online SDRMA Portal and be accessible to approved users of the ENTITY.

c. “Program Participation Agreement” means the agreement issued by PRISM/AUS Underwriting to the Entity that details the final terms of acceptance and any special exceptions or terms that have been made a part of the underwriting approval and is required to be

completed and executed in order to constitute full acceptance as a member of the PRISM Small Group Program.

d. "Program" or "PRISM" means the Public Risk Innovation, Solutions and Management (PRISM) Health and/or Employee Benefits Small Group Program.

e. "Program Documents" means the following: SDRMA Program Administrative Guidelines, SDRMA Resolution, Program Underwriting application and any required underwriting documents, Program approval, Program Underwriting & Eligibility Rules and Program Participation Agreement.

12. PURPOSE. ENTITY is signatory to this MEMORANDUM for the ~~express-sole~~ purpose of enrolling in the ~~Program~~PROGRAM.

23. ENTRY INTO PROGRAM. ENTITY shall ~~enroll~~ apply for participation in the ~~Program~~PROGRAM by ~~making application through executing~~ and all forms prescribed by SDRMA. ~~SDRMA shall submit the completed forms to which shall be subject to approval by the Program~~PROGRAM's Underwriter who has the authority to accept or reject Entity's application in its sole discretion based on the Program's and governing documents and in accordance with the Program's ~~applicable~~ eligibility guidelines.

34. MAINTENANCE OF EFFORT. ~~Program~~ PROGRAM ~~is designed to provide an alternative provides~~ health benefits ~~solution~~ to all ~~participants~~ active employees, retired employees, dependents of an active or retired employee and public officials of the ENTITY who satisfy requirements for participation. ~~of the ENTITY including active employees, retired employees (optional), dependents (optional) and public officials (optional).~~ ENTITY public officials may participate in the ~~Program~~PROGRAM only if they are currently being covered and their own ENTITY's enabling act, plans and policies allow it. ENTITY must contribute at least the minimum percentage required by the eligibility requirements

45. PREMIUMS. ENTITY ~~understands~~ agrees and acknowledges that premiums and rates for the ~~Program~~ PROGRAM are set by the ~~COMMITTEE~~Committee and that SDRMA's Administrative Fee is set by SDRMA For each billing cycle. ENTITY will remit the total monthly ~~premiums based upon rates established amount billed by SDRMA~~for each category of participants and the census of covered employees, public officials, dependents and retirees. PREMIUMs are based on a full month, and there are no partial months or prorated PREMIUMs. Enrollment for mid-year qualifying events and termination of coverage will be made in accordance with the SDRMA Program Administrative Guidelines.

~~Rates for the ENTITY and each category of participant will be determined by the COMMITTEE designated for the PROGRAM based upon advice from its consultants and/or a consulting Benefits Actuary and insurance carriers. In addition, SDRMA adds an administrative fee to premiums and rates for costs associated with administering the PROGRAM. Rates may vary depending upon factors including, but not limited to, demographic characteristics, loss experience of all public entities participating in the PROGRAM and differences in benefits provided (plan design), if any.~~

~~SDRMA will administrate a billing to ENTITY each month, with payments due by the date specified by SDRMA. Payments received after the specified date will accrue penalties up to and including termination from the PROGRAM. Premiums are based on a full month, and there are no partial months or prorated premiums. Enrollment for mid-year qualifying events and termination of coverage will be made in accordance with the SDRMA Program Administrative Guidelines.~~

~~Late Payment Penalties. ENTITY shall pay all PREMIUM invoices as billed to SDRMA, regardless of any changes to eligibility or adjustments to PREMIUMS that may occur during the billing month and not reflected in the PREMIUM invoice. SDRMA shall issue PREMIUM invoices to ENTITY prior to the coverage month in which they are due. PREMIUM invoices are due by the due date stated on the invoice and considered delinquent thirty (30) calendar days from the due date. In addition to the outstanding balance due for any unpaid invoice, ENTITY shall be liable to SDRMA for a late payment penalty of 1% of the outstanding balance of any unpaid portion of such invoice effective (30) calendar days after the invoice due date. SDRMA reserves the right to terminate the MEMORANDUM and ENTITY'S Participation Agreement, including immediate cessation of all services under the Program, any time after it provides written notice to ENTITY of its failure to pay the amount due of any invoice.~~

- ~~56.~~ **BENEFITS.** Benefits provided to ENTITY participants shall be as set forth in ENTITY's Plan Summary for the Program ~~ROGRAM~~ and as agreed upon between the ENTITY and its recognized employee organizations as applicable. Not all plan offerings will be available to ENTITY, and plans requested by ENTITY must be submitted to P~~rogram~~ROGRAM underwriter for approval.
- ~~6.~~ **COVERAGE DOCUMENTS.** ~~Except as otherwise provided herein, coverage documents from each carrier outlining the coverage provided, including terms and conditions of coverage, are controlling with respect to the coverage of the PROGRAM and will be provided by SDRMA to each ENTITY. SDRMA will provide each ENTITY with additional documentation, defined as the SDRMA Program Administrative Guidelines which provide further details on administration of the PROGRAM.~~
- ~~7.~~ **PROGRAM FUNDING.** ~~It is the intent of this MEMORANDUM to provide for a fully funded PROGRAM by any or all of the following: pooling risk; purchasing individual stop loss~~

~~coverage to protect the pool from large claims; and purchasing aggregate stop loss coverage.~~

~~8. ASSESSMENTS. Should the PROGRAM not be adequately funded for any reason, pro-rata assessments to the ENTITY may be utilized to ensure the approved funding level for applicable policy periods. Any assessments which are deemed necessary to ensure approved funding levels shall be made upon the determination and approval of the COMMITTEE in accordance with the following:~~

~~a. Assessments/dividends will be used sparingly. Generally, any over/under funding will be factored into renewal rates.~~

~~b. If a dividend/assessment is declared, allocation will be based upon each ENTITY's proportional share of total premiums paid for the preceding 3 years. An ENTITY must be a current participant to receive a dividend, except upon termination of the PROGRAM and distribution of assets.~~

~~c. ENTITY will be liable for assessments for 12 months following withdrawal from the PROGRAM.~~

~~d. Fund equity will be evaluated on a total PROGRAM-wide basis as opposed to each year standing on its own.~~

7. ASSESSMENTS AND DIVIDENDS. The Program annual premium, as approved by the Committee will be established at a level which is anticipated to provide adequate overall funding. The Program will directly manage surpluses and deficits. Premiums are targeted to fund expected claims (including incurred-but-not-reported (IBNR) and run-out), reinsurance (if any), Program/administrative expenses, and any reserve or margin adopted by the Committee.

If Program funds are insufficient (including funding IBNR), the Committee may impose premium assessments on all applicable participating Entities, consistent with the JPA, including ENTITY signing this MEMORANDUM. Entities that have withdrawn from the Program are liable for assessments attributable to plan year(s) in which they participated.

After appropriate reserves and obligations are funded and any Committee-approved margin is achieved, the Committee may declare a dividend or premium credit, using a formula recommended by the Program Underwriters and actuary.

98. WITHDRAWAL. ENTITY may withdraw from this MEMORANDUM and terminate its Program Participation Agreement for a subsequent calendar year subject to the following condition: ENTITY shall notify SDRMA and the PROGRAM in writing of its

~~intent to withdraw at least 90 days prior to their requested withdrawal date. ENTITY shall notify SDRMA in writing of its intent to withdraw from this MEMORANDUM and terminate its Program Participation Agreement at least 120 days prior to January 1st of the subsequent calendar year in which it shall be effective . No withdrawal shall become effective until December 31 of the year that notice of termination is received. ENTITY may rescind its notice of intent to withdraw and terminate no later than October 1st.~~ Once ENTITY withdraws from the ~~Program~~PROGRAM, there is a 3-year waiting period to come back into the ~~Program~~PROGRAM, and the ENTITY will be subject to underwriting approval ~~again~~.

~~10. LIAISON WITH SDRMA. Each ENTITY shall maintain staff to act as liaison with SDRMA and between the ENTITY and SDRMA's designated PROGRAM representative.~~

~~9. ARBITRATION OF DISPUTES. To the extent permitted by law, all controversies between the ENTITY and SDRMA that may arise out of or relate to any of the services provided by SDRMA under the MEMORANDUM, or the construction, performance or breach of this or any other agreement between the ENTITY and SDRMA, whether entered into prior to, on or subsequent to the date hereof, shall be settled by binding arbitration in the City of Sacramento, California, under the Commercial Arbitration Rules of the American Arbitration Association. Judgment upon any award rendered by the arbitrator(s) shall be final, and may be entered into any court having jurisdiction.~~

~~11~~10. GOVERNING LAW. This MEMORANDUM shall be governed in accordance with the laws of the State of California.

~~12~~11. VENUE. Venue for any dispute or enforcement shall be in the City of Sacramento, California.

~~13~~12. ATTORNEY FEES. The prevailing party in any dispute shall be entitled to an award of reasonable attorney fees.

~~14~~13. COMPLETE AGREEMENT. This MEMORANDUM together with the related ~~P~~rogramPROGRAM ~~documents~~Documents constitutes the full and complete agreement of the ENTITY.

~~15~~14. SEVERABILITY. Should any provision of this MEMORANDUM be judicially determined to be void or unenforceable, such determination shall not affect any remaining provision.

~~16~~15. AMENDMENT OF MEMORANDUM; WAIVER. This MEMORANDUM may not be modified, nor shall any provision hereof be waived or amended, except in a writing duly signed by authorized representatives of SDRMA and ENTITY. The failure of either Party to enforce at any time any provision of the MEMORANDUM shall not be construed to be a waiver of such provision, nor in any way to affect the validity of the MEMORANDUM or the



~~right of either party thereafter to enforce each and every such provision may be amended by the SDRMA Board of Directors and such amendments are subject to approval of ENTITY's designated representative, or alternate, who shall have authority to execute this MEMORANDUM. Any If ENTITY who fails or refuses to execute an amendment to this MEMORANDUM by the deadline included in written notice of SDRMA'S execution of said amendment, SDRMA reserves the right to terminate shall be deemed to have withdrawn this MEMORANDUM and ENTITY'S Program Participation Agreement from the PROGRAM effective as of on the next annual renewal date.~~

~~1716.~~ EFFECTIVE DATE. This MEMORANDUM shall become effective on the later of the first date of coverage for the ENTITY or the last date of signing of this MEMORANDUM by the Chief Executive Officer or Board President of SDRMA and the authorized person for the ENTITY.

~~1817.~~ EXECUTION IN COUNTERPARTS. This MEMORANDUM may be executed in several counterparts, each of which shall be an original, all of which shall constitute but one and the same instrument.

In Witness Whereof, the undersigned have executed the MEMORANDUM as of the date set forth below.

Dated: _____

By: _____

Special District Risk
Management Authority

Dated: _____

By: _____

Agency ENTITY Name