AGENDA

LOS ANGELES REGIONAL
INTEROPERABLE COMMUNICATIONS SYSTEM AUTHORITY

BOARD OF DIRECTORS SPECIAL MEETING

Thursday, March 14, 2013 • 9:00 a.m.

743 Kenneth Hahn Hall of Administration
500 West Temple St., Los Angeles, CA 90012

Los Angeles Regional Interoperable Communications System Authority (the "Authority")

AGENDA POSTED: March 12, 2013
Complete agendas are made available for review at the designated meeting location during normal business hours and may also be accessible on the Authority's website at http://www.la-rics.org.

Members:

1. **William T Fujioka**, Chair, CEO, County of Los Angeles
2. **Charles L. Beck**, Vice Chair, Police Chief, City of Los Angeles
3. **Mark R. Alexander**, City Manager, representing the California Contract Cities Association
4. **Leroy D. Baca**, Sheriff, County of Los Angeles
5. **Reginald Harrison**, Deputy City Manager, City of Long Beach
6. **LeRoy J. Jackson**, City Manager, City of Torrance, representing At Large Seat
7. **Dr. Mitchell H. Katz**, Director, DHS, County of Los Angeles
8. **Gerry F. Miller**, Chief Legislative Analyst, City of Los Angeles
9. **Daryl L. Osby**, Fire Chief, County of Los Angeles
10. **Brian Cummings**, Fire Chief, City of Los Angeles
11. **Donald Pedersen**, Police Chief, City of Culver City, representing At Large Seat
12. **Scott Pickwith**, Police Chief, representing the Los Angeles County Police Chiefs Association
13. **Kim Raney**, Police Chief, City of Covina, representing At Large Seat
14. **Timothy Scranton**, Fire Chief, representing the Los Angeles Area Fire Chiefs Association
15. **Miguel Santana**, CAO, City of Los Angeles
16. **Gregory L. Simay**, Assistant General Manager, City of Burbank Water & Power, representing At Large Seat
17. **Steven K. Zipperman**, Police Chief, Los Angeles School Police Department

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Officers:

1. **Patrick Mallon**, Executive Director
2. **Wendy L. Watanabe**, County of Los Angeles Auditor-Controller
3. **Mark J. Saladino**, County of Los Angeles Treasurer and Tax Collector
4. **Patricia Saucedo**, Board Secretary

NOTE: ACTION MAY BE TAKEN ON ANY ITEM IDENTIFIED ON THE AGENDA

CALL TO ORDER

ANNOUNCE QUORUM – Roll Call

APPROVAL OF MINUTES (1)

1. February 7, 2013 Regular Meeting Minutes
Attachment: Item 1

CONSENT CALENDAR – (None)

REPORTS (2–6)

2. Committee Reports

   a. Finance Committee – Stephen Sotomayor

   b. Legislative Committee – Chief Daryl Osby

   c. Operations Committee – No Report

   d. Technical Committee – No Report

3. Director's Report – Pat Mallon

4. Project Manager's Report – Pat Mallon
Attachment: Item 4

5. Grant Status Report – Pat Mallon
Attachment: Item 5

6. Independent Auditor's Report FY 2011-12 – County of Los Angeles Auditor-Controller Staff – Rachelle Anema
Attachment: Item 6

DISCUSSION ITEMS (7)

7. Site Access Agreements – Pat Mallon

Attachment: Item 7

8. FCC Public Notice Seeking Comment / T Band – Pat Mallon

Attachment: Item 8

ADMINISTRATIVE MATTERS (9-11)

9. Executive Director Contract – Chairman Bill Fujioka

RECOMMENDATION: It is recommended that your Board approve execution of Professional Services Agreement between the Authority and Patrick J. Mallon, dba O'Meallain, Ltd., to provide services as the LA-RICS Executive Director commencing May 1, 2013, continuing for a period of two years, with a not-to-exceed amount of $210,600 per year.

Attachment: Item 9

10. Temporary Suspension of Section 3.01 of the Authority's Bylaws & Extend the Term of At-Large & Alternate Directors– Pat Mallon

RECOMMENDATION: It is recommended that your Board temporarily suspend Section 3.01 of the Authority's Bylaws and extend the term of the current At-Large Director and Alternate Director seats to April 3, 2014.

Attachment: Item 10

11. LA-RICS Liability Coverage – Pat Mallon

RECOMMENDATION: It is recommended that your Board:

a. Discuss the following liability coverage options for the LA-RICS Joint Powers Authority (JPA):

   i. Pooling of self-insured claims/losses program (Program) under the California Joint Powers Insurance Authority (CJPIA); and

   ii. Insurance coverage under Commercial General Liability (CGL), Professional Liability/Errors and Omissions/Directors and Officers (D&O) & Auto Liability (AL) policies;

b. Provide direction to Authority Staff as to which option the Board would like to pursue and procure; and

c. Delegate authority to the Executive Director to complete application(s) on behalf of the JPA to procure the selected liability coverage option, and procure the liability

coverage at the limits specified by the Board with a not-to-exceed cost of $50,000 a year.

Attachment: Item 11

MISCELLANEOUS – (None)

PUBLIC COMMENTS

ITEMS FOR FUTURE DISCUSSION AND/OR ACTION BY THE BOARD

12. FirstNet Path Forward
13. Project Funding
14. Project Risk Controls

ADJOURNMENT and NEXT MEETING:
Thursday, April 4, 2013, at 9:00 a.m., at the Grace E. Simons Lodge.

BOARD MEETING INFORMATION

Members of the public are invited to address the LA-RICS Authority Board on any item on the agenda prior to action by the Board on that specific item. Members of the public may also address the Board on any matter within the subject matter jurisdiction of the Board. The Board will entertain such comments during the Public Comment period. Public Comment will be limited to three (3) minutes per individual for each item addressed, unless there are more than ten (10) comment cards for each item, in which case the Public Comment will be limited to one (1) minute per individual. The aforementioned limitation may be waived by the Board's Chair.

(NOTE: Pursuant to Government Code Section 54954.3(b) the legislative body of a local agency may adopt reasonable regulations, including, but not limited to, regulations limiting the total amount of time allocated for public testimony on particular issues and for each individual speaker.)

Members of the public who wish to address the Board are urged to complete a Speaker Card and submit it to the Board Secretary prior to commencement of the public meeting. The cards are available in the meeting room. However, should a member of the public feel the need to address a matter while the meeting is in progress, a card may be submitted to the Board Secretary prior to final consideration of the matter.

It is requested that individuals who require the services of a translator contact the Board Secretary no later than the day preceding the meeting. Whenever possible, a translator will be provided. Sign language interpreters, assistive listening devices, or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. (323) 881-8291 or (323) 881-8295

SI REQUIERE SERVICIOS DE TRADUCCION, FAVOR DE NOTIFICAR LA OFICINA CON 72 HORAS POR ANTICIPADO.

The meeting is recorded, and the recording is kept for 30 days.

Board of Directors

MEETING MINUTES

LOS ANGELES REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEM AUTHORITY

February 7, 2013

Grace E. Simons Lodge
1025 Elysian Park Drive, Los Angeles, CA 90012

Board Members Present:

William "'Bill" T Fujioka Chair, CEO, County of Los Angeles
Brian Cummings, Fire Chief, City of Los Angeles Fire Department
Gerry F. Miller, Chief Legislative Analyst, City of Los Angeles
Reginald "Reggie" Harrison, Deputy City Manager, City of Long Beach
Timothy Scranton, Fire Chief, City of Beverly Hills, representing the Los Angeles Area Fire Chiefs Association
Scott Pickwith, Police Chief, City of La Verne, representing the Los Angeles County Police Chiefs Association
Mark R. Alexander, City Manager, City of La Cañada Flintridge, representing the Contract Cities Association
Gregory "Greg" L. Simay, Assistant General Manager, City of Burbank Water & Power, representing At Large Seat
Kim Raney, Police Chief, City of Covina, representing At Large Seat

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Representatives For Board Members Present:

David Tankenson, representing Donald "Don" Pedersen, City of Culver City, At Large Seat
Patricia "Patty" J. Huber, representing Miguel Santana, for the City of Los Angeles Chief Administrative Office
Mark J. Bennett, representing Daryl L. Osby, for the County of Los Angeles Fire Department
David Betkey, representing, Leroy "Lee" D. Baca, for the County of Los Angeles Sheriff Department
Nancy L. Ramirez, representing Steven K. "Steve" Zipperman, for the Los Angeles School Police Department

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Officers Present:

Pat Mallon, LA-RICS Executive Director
Patricia Saucedo, Board Secretary

Absent:

Charles "Charlie" L. Beck, Vice Chair, Police Chief, City of Los Angeles
Dr. Mitchell H. Katz, Director, DHS, County of Los Angeles
LeRoy J. Jackson, City Manager, City of Torrance, representing At Large Seat
Wendy L. Watanabe, Auditor-Controller, County of Los Angeles
Mark J. Saladino, Treasurer and Tax Collector, County of Los Angeles

AGENDA ITEM 1

I. CALL TO ORDER

II. ANNOUNCE QUORUM – Roll Call

Chair Bill Fujioka made an acknowledgement that a quorum was present.

III. APPROVAL OF MINUTES – (1)

1. January 3, 2013 – Regular Meeting Minutes. **MOTION APPROVED.**

IV. CONSENT CALENDAR – (None)

V. REPORTS – (2–5)

2. Committee Reports

a. Finance Committee – No Report
c. Operations Committee – No Report
d. Technical Committee – No Report

(out of sequence)

b. Legislative Committee – Chief Daryl Osby

Executive Director Pat Mallon reported on behalf of the Legislative Committee for Chief Daryl Osby stating, under the guidance of Chief John Lenihan, the Legislative Committee had a meeting on January 30, 2013. This was in response to this Board's request for some discussion by the Legislative Committee regarding the FirstNet's vision for the National Public Safety Broadband System. We presented a recap of events since February 2012, including the passage of H.R. 3630, this Board's action to cancel the RFP LA-RICS 004 in August 2012, and your direction to prepare a new RFP for a stand-alone LMR system, and, if allowed to proceed, with an LTE system. We also presented a synopsis of the NTIA's proposed conditions in the LA-RICS filing of a response to the FirstNet's Notice of Inquiry. We conveyed that the LA-RICS Board requested that the Legislative Committee formulate a stance relating to participation in a nationally controlled network, and if so, under what stipulations, as well as the acceptance of the indemnifications conditions included within the draft conditions.

Committee Member Greg Simay stated that the federal approach should be more like a national standard with individual agencies or states free to establish their own standards, and that the commercial providers may be the only way to achieve a measure of broadband coverage in semi-rural and rural areas. But that might not be appropriate for Los Angeles County given the funding and the urban nature of the County.

The committee was also briefed on the effort by the National Public Safety Telecommunications Council (NPSTC) to identify replacement cost for the T-Band radio system in the 11 major jurisdictions. LA-RICS has been an active participant in that study and a final report will be forthcoming, including some cost estimates.

The Legislative Committee was encouraged to monitor the proceedings related to the auctions of the T-Band and to bear in mind that the Authority is incurring cost to build out the LMR system in the hybrid fashion, which is in keeping with H.R. 3630 legislation. The Legislative Committee was also asked to keep an eye out for opportunities to seek funding now for the LMR system, as opposed to waiting until after the auction.

Additionally, the Legislative Committee was encouraged to monitor the proceedings related to FirstNet's decisions on BTOP Grants. No legislative outreach was required at this time, but it may be appropriate depending upon the FirstNet Committee's actions. If allowed to proceed, an outreach to the congressional delegation may be warranted if the proposed conditions will inhibit us in the building process to move forward with LTE.

Committee Member Greg Simay also suggested that a few topics be identified by the committee to establish a legislative platform on which they could move forward.

3. Director's Report – Pat Mallon

Executive Director Pat Mallon reported the current status on a number of issues.

On the LMR system procurement, the evaluation process began in January 7, 2013. The team has been really, really, dedicated and they should be commended. We have also received tremendous support from ISD with facilitation of the evaluation process and from the Subject Matter Experts. We are anticipating completion of that process in early- to mid-March 2013, with negotiations with the highest scoring proposer hopefully set to occur in April 2013. It is still our intent to bring forth a contract in the June 2013 timeframe. Additionally, we are continuing to work with NPSTC Working Group on T-Band finalizing the cost estimates for the replacements of the 11 jurisdictions and a draft report will be forthcoming. At this point, we are waiting for approval of a grant modification of our SHSGP grants which will allow our consultants to proceed with our CEQA/NEPA process for the LMR system.

In relation to the LTE system, the project continues to be on hold pending direction from FirstNet. We anticipate that action will occur on Tuesday, February 12, 2013. On Monday, February 4, 2013, we received a call from Sue Swenson (a member from the FirstNet Board who met with us on December 19, 2012) who advised that the FirstNet Board will indeed be considering a resolution on Tuesday (February 12, 2013) to allow some or potentially all BTOP projects to proceed. Following that action, there will be a negotiations period of no longer than 90 days to resolve the issues on the proposed conditions, as well as to identify focus areas for the project. For LA-RICS, one of the items that we discussed was in-building coverage, since we have many high-rise buildings in downtown and throughout the County. We will be investigating the ability to go from 95% coverage at the door to 99.999% inside the buildings. They may also want us to look at some kind of a billing mechanism for the project that may be implemented around the country. Once the scope and conditions have been agreed upon, FirstNet will lease this spectrum to this Board which is a pre-requisite for the BTOP funding. They can then make a recommendation that NTIA lift the suspension. It will then be on us to ask for formal lifting of that suspension. The FirstNet Board meeting on February 12, 2013, will be held at Boulder, Colorado.

I also attended an APCO Emerging Technologies Workshop this last Wednesday and Thursday (January 30-31, 2013) in which two of the board members from FirstNet were in attendance and presented a briefing. Without getting into detail, their focus is on providing nationwide coverage for 3,140 counties across the 50 states and six territories. They are looking at a multi-core network with the primary network operating in band class 14 and providing additional coverage through a multiple terrestrial mobile providers and some satellite coverage.

As for the Authority's Insurance Policy, we have been in discussions with County's Risk Management to identify at least two commercial providers. We have also been in contact with the California Joint Powers Insurance's Authority to see if we fall within their model. It is possible they can provide a more cost-beneficial policy for this Board.

Spectrum Use Agreements, we are pretty much in the same position as we were last month. We have draft language that is undergoing scrutiny with the Authority's Council (through County Council as well as outside Council). Once the draft is completed it will be sent for review by the individual license holders.

Site Access Agreements, as mentioned we have been working with the CEO's Real Estate Division. One of the big issues we need to overcome is to have an insurance policy in place, so when we execute a Site Use Agreement, we have some form of insurance coverage.

Last month we presented and the Board acted a recommendation regarding using a retired judicial officer to conduct a Protest Review for this current procurement. We have been working with outside counsel and the Authority's counsel to identify a suitable Hearing Officer. The vetting process has been completed and we hope to have a retired judicial officer on standby ready to respond, should we need it.

4. Project Manager's Report – Pat Mallon

Executive Director Pat Mallon informed the Board that we needed to execute Amendment #5 to the Jacob's contract. This was necessitated by the detail review and revisions that were necessary to put out RFP LA-RICS 007. There has been no change to the scope of the contract, or the contract value. We moved some hours around within the allocations that they had. In recapping the five amendments: The first one was so they could conduct a 700 MHz Feasibility Study; the second one was the T-Band 700 MHz which resulted in the Hybrid RFP; the third one was that this Board approve, with additional fees and scope on the rewrite of RFP LA-RICS 007; number four was for a frequency interference study as we started looking for additional 700 MHz channels; and, number five is to move hours from the LTE portions, since we have not been able to move forward into the LMR system. We are at least a year beyond where we thought we would be a year ago and as such, it required additional time expenditures. They (Jacobs) have been very kind in accommodating our requirements by shifting some hours around so that the contract value does not change.

5. Grant Status Report – Pat Mallon

Executive Director Pat Mallon informed the Board that he made a comment at the last meeting referencing the UASI grant to be at $21 million dollars, it is actually $16,929,838. We have submitted a request to the City of Los Angeles as the UASI Grant Coordinator for an extension of the UASI '09 grants because of the impact from H.R. 3630 and due to the fact that we had to restart the process. We will also be presenting this coming Friday (February 8, 2013) to UASI for consideration of UASI 2013 money.

Chairman Bill Fujioka made a request to Pat Mallon regarding the real-estate issue, make sure everything is tight on that, that everyone and everything has been addressed so that we have no issues or problems or so on. And maybe in the next meeting we could have a separate report on that.

Executive Director Pat Mallon concurred and stated that for the LMR system there are sites within the City of Los Angeles and in the County. Additionally, there are perhaps two or three sites in other Cities that will require Site Use Agreements. For the LTE system, there are approximately 55 different cities requiring Site Use Agreements.

Board Member Reginald Harrison asked, for UASI '09 you mentioned you are asking for an extension on that; and, you are presenting this week to the Approval Authority regarding the UASI '13, I presume? Could you give us a little more detail in terms of the funding? What is your timeline on some of those grants?; because you've got UASI '09, '10 and '11 as well. How much money have you turned back?

Pat Mallon replied, yes sir--to UASI '09; that's correct--to UASI '13. I think from UASI '09 through '12, is almost $74 million.

Chairman Bill Fujioka stated you know Pat, what might be helpful; the extension is not a long one. Because we expect, once we award the contract, we'll spend those funds relatively quickly, right?

Pat Mallon replied, yes. We are asking for extensions through December 2013; and, if we have a contract in June 2013, we will be expending all of UASI '09 very quickly. The first phase of the project is a Detailed Design. There is a significant effort in this phase. We have and will be presenting on Friday (February 08, 2013), a recap of how and what segments of the five phases of the LMR proposal, on what, and where those funds will be flowed into the process.

Chairman Bill Fujioka stated in context we are not talking about a long period of time, we are talking about a relatively short, and should that money or that grant not be extended there is going to be a hole to fill. And, so that will have a significant impact on our project.

Board Member Reginald Harrison continued, I just have as a follow up, there is no assurances that they are going to extend those funds and we are only talking about the UASI '09. I think that deadline has past as I understand it.

Pat Mallon replied that is right. And, the City (of Los Angeles) has advised us that they have been in contact with CalEMA, and CalEMA certainly understands the impact that H.R. 3630 has been to us and they have been amenable to consideration for an extension. The big issue was that we needed to establish a time-schedule and we couldn't do that until we knew how many proposals we were going to be evaluating, as each additional proposal would extend the process.

We now have been able to define a schedule and we have communicated that to the UASI's coordinator.

Board Member Reginald Harrison stated that at some time in the future, he would like to ask if the Board could have a report regarding all funding available and the applicable timelines that the Board needs to be mindful of. This is going to be real important going forward for the Cities that still have to make a decision as to whether or to what degree they are going to be able to support this.

Pat Mallon stated one of the discussions that we had with the Chair of the Finance Committee is to form a subcommittee or a working group to study a cost model. As soon as we go into negotiations with the highest scoring vendor, we can share specific cost information with a subset of the Finance Committee. This will help in developing the business model and the funding plan as we will know what the cash flow requirements are going to be.

Board Member Greg Simay stated I think that gets us to the wider issue which is, if we have or are able to hold on to the Grant money that will get us through the design phase. But we still have to look ahead, how are we going to make it through the construction phase? We can phase and prioritize and stretch out, but that is still going to be our big challenge. Pat Mallon agreed.

Board Member Mark Alexander asked as you are putting together this timeline I am assuming you are also going to factor in the amount of time that we had promised the Cities as part of the JPA Agreement that they would have to review the funding plan, let alone that we still have to come up with a funding plan. But I want to be sure that we give the Cities the opportunity to review that funding plan and how that is going to impact them.

Pat Mallon stated absolutely. And that is why we want to get going. The open meeting requirements preclude discussions with real proposed costs that are the subject of negotiations until we have a letter of commitment. We can have a smaller group of 8 members or less to go through and look at real cost figures and come up with recommendations. As soon as we have a letter of commitment we could present it to the Finance Committee and they'll have the period of time provided in the JPA to review the funding plan.

Pat Mallon stated, continuing on Grant Status Report, grants have remained unchanged. We do have a grant modification request on SHSGP's '10 and '11; those funds will be used on project management and environmental consulting. As I said we do have a reduction in the funding level for UASI '09. An amount of money was repurposed for consoles for the County Sheriff and County Fire Departments. BTOP Grant, we are still on suspension based on NTIA's action.

Chairman Bill Fujioka stated, as Board Member Harrison asked, we'll get that report. Pat Mallon replied, certainly. We will share the chart that we put together for the UASI presentation that shows each of the Grant Year's funds, where they will be dedicated into the larger project. Chairman Bill Fujioka replied, that works, thank you.

VI. DISCUSSION ITEMS – (None)

VII. ADMINISTRATIVE MATTERS (6–7)

6. Approval of Authority's Amended Conflict of Interest Code – Pat Mallon
It is recommended that the Board:

a. Approve Authority's amended Conflict of Interest Code; and,

b. Authorize the Executive Director or his designee to submit proposed changes of the Authority's Conflict of Interest Code to the code reviewing body of the Los Angeles County Board of Supervisors.

Executive Director Pat Mallon presented this item to the Board stating we are seeking approval of the Authority's Conflict of Interest Code that was published back in November 2012, for a 45-day comment period. The LA-RICS office received no comments, therefore we request approval to proceed in submitting our proposed Conflicts of Interest Code to the County of Los Angeles' Board of Supervisors who serves as the Approval Authority for our Conflict of Interest Code. **MOTION APPROVED.**

7. PUBLIC EMPLOYEE APPOINTMENT – Chairman Bill Fujioka – **CLOSED SESSION**
Title: Executive Director

VIII. CLOSED SESSION REPORT

Chairman Bill Fujioka called the meeting back to order and stated that Authority Counsel and staff will negotiate a new contract with Executive Director Pat Mallon under the terms authorized by the Board and will bring back a negotiated agreement at the next Board meeting for the Board's consideration.

IX. MISCELLANEOUS – (None)

X. PUBLIC COMMENTS – (None)

XI. ITEMS FOR FUTURE DISCUSSION AND/OR ACTION BY THE BOARD

8. FirstNet Path Forward
9. Insurance for JPA
10. Project Funding
11. Project Risk Controls

XII. ADJOURNMENT

Chair Bill Fujioka adjourned the meeting at 9:35 a.m.

Los Angeles Regional Interoperable Communications System

PROJECT DESCRIPTION

Events of 9-11-01 have highlighted the need for first responders to be able to communicate with each other. Emergency communications primarily address local jurisdictional needs. Most agencies utilize separate radio towers and equipment, often co-located as seen here, and separate radio frequencies.

Currently, there is duplication of costs and first responders cannot communicate with each other. Many legacy systems around the County are obsolete and well beyond their useful life. The LA-RICS Project Vision is to construct, own, operate, and maintain a regional, interoperable public safety radio system. The program will establish a County-wide public safety wireless voice and data radio system for all first and secondary responders. Existing radio frequencies will be pooled and the current infrastructure utilized wherever practical. New FCC licensed broadband spectrum will be utilized.

Design, construction, and deployment of two County-wide systems (1) Land Mobile Radio (LMR) voice network will utilize roughly a pool of 111 existing communications sites and (2) Long Term Evolution (LTE) broadband data network will utilize a pool of 255 existing communications sites. Both systems will comply with CEQA and NEPA standards.

Project and Construction Management Services will provide network, infrastructure, project, and advisory services across 5 program phases:

- Phase 1 - System design
- Phase 2 - Site construction and modification
- Phase 3 - Supply telecommunication system components
- Phase 4 - Telecommunications system implementation
- Phase 5 - Telecommunications system maintenance

Location:
2525 Corporate Place, Ste 200
Monterey Park, CA 91754

Authority:
Los Angeles Regional Inter-operable Communications System

Management:
LA-RICS Project Team

Consultant:
Jacobs Project Management Company

Communications Vendor:
TBD

LA-RICS

Monthly Report No. 11
For February, 2013
Submitted February 26, 2013

JACOBS®

Program and Construction Management
600 Wilshire Boulevard, Suite 1000
Los Angeles, California 90017

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AGENDA ITEM 4

PROGRAM DASHBOARD

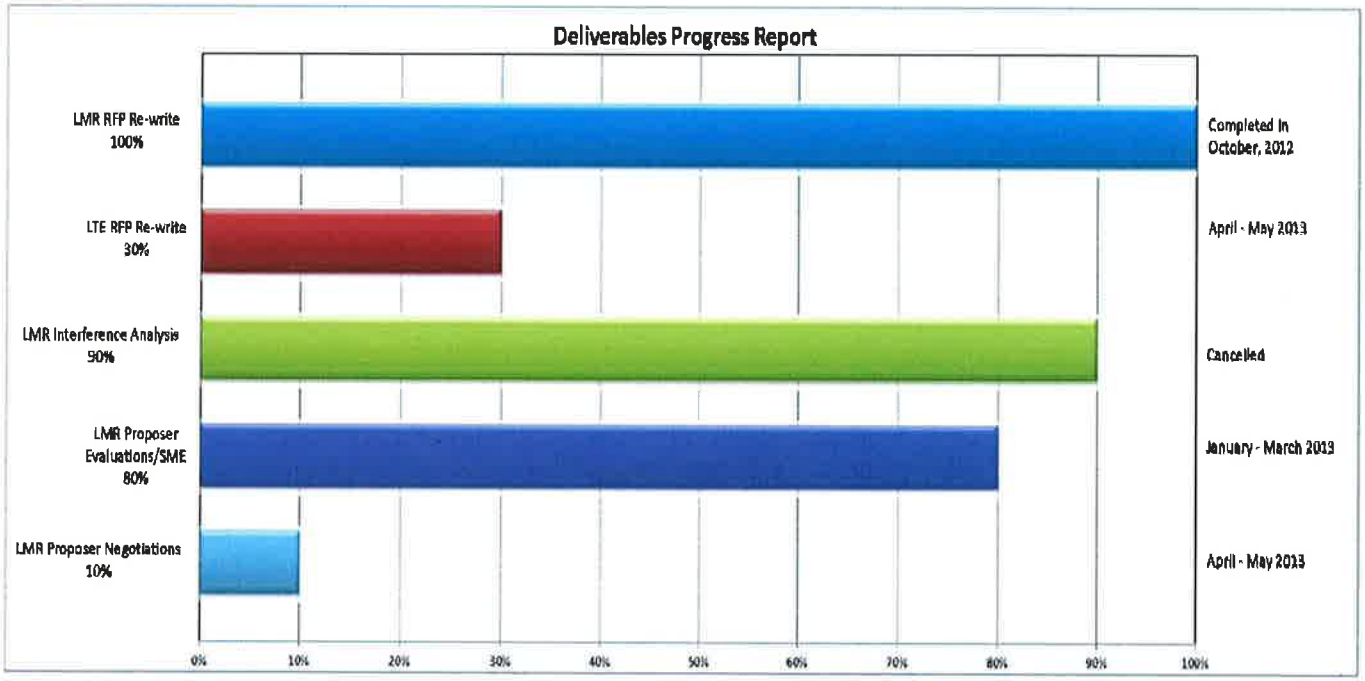
Category	Rating	Change	Comments
Safety		No Change	
Quality		No Change	
Schedule		No Change	Tight schedule to shelter grant funding.
Cost/Budget		No Change	Grant funding at risk.
Risk		No Change	
Customer Satisfaction		No Change	
Project Staffing		No Change	

RISK REGISTER

Title	Assigned To	Status	Impact	Category	Created Date	Due Date
700 MHZ	Pat Mallon	Active	High	Category 1	07/26/2012	09/06/2012
Potential loss of grant funding	Pat Mallon	Active	High	Category 1	08/29/2012	10/04/2012
Environmental requirements for LTE sites used in the LMR RFP	Nancy Yang	Active	Medium	Category 1	09/18/2012	
LMR & LTE site use agreements need to be executed	Nancy Yang	Active	Medium	Category 1	09/18/2012	
NTIA/FirstNet go-ahead for LTE RFP	Pat Mallon	Active	High	Category 1	10/24/2012	

DELIVERABLE STATUS PHASE 0

ITEM	STATUS	DUE DATE
1. LMR RFP RE-WRITE	1. COMPLETED	1. OCTOBER, 2012
2. LTE RFP RE-WRITE	2. IN WORK	2. APRIL - MAY, 2013
3. LMR INTERFERENCE ANAYLYSIS	3. CANCELLED	3. N/A
4. PROPOSER EVALUATION REPORT	4. IN WORK	4. JANUARY - MARCH, 2013
5. LMR PROPOSER NEGOTIATIONS	5. IN WORK	5. APRIL - MAY, 2013



AGENDA ITEM 4

ACTIVITIES COMPLETED IN FEBRUARY 2013

- Provided SME presentations.
- Assisted the Authority in responding to questions and clarifications for the proposals.
- Continued drafting a generic Statement of Work.
- Prepared Technical Gap Analyses and briefed the Evaluation Committee Members on Proposal #2.
- Continued LTE RFP re-write.
- Met with LTE RFP re-write team to discuss proposed draft changes to LTE RFP.
- Attended meetings with the LTE Environmental Consultant LTE and LMR sites and potential CEQA exemption.
- Assisted the Authority in developing an LTE project procurement schedule.
- Participated in the LMR Environmental Work Kick Off Meeting with the Environmental Consultant.
- Participated in meetings with Environmental representative regarding the LTE RFP re-write.

ACTIVITIES PLANNED FOR MARCH 2013

- Continue to support and assist the Authority team in the LTE RFP re-write.
- Assist the Authority with the Environmental work to be completed for the LMR System.
- Attend coordination meetings with the Environmental Consultants on both the LTE and LMR projects.
- Complete the Authority's Statement of Work.
- Assist the Authority in the final LMR Proposal evaluation process.
- Prepare to assist the Authority in the Negotiation Process.

LTE UPDATES

LTE TECHNOLOGY

- Provide support and assistance for LTE RFP re-write.
- Continued participation with LTE RFP re-write by reviewing and suggesting changes to the Base RFP and the LTE System Performance Criteria (Appendix E).

LMR UPDATES

LMR TECHNOLOGY

- Completed Subject Matter Expert (SME) reviews and Technical Gap Analyses presentations to the RFP Evaluation team for Proposal #2.
- Participated in vendor oral presentations of Proposal #2.

LTE SITES/CIVIL

- Support the Authority on the LTE RFP in coordinating with the Environmental Consultant Site/Civil and construction activities' impacts on environmental issues in order to help qualify additional sites for potential CEQA Exemption.
- No other Site/Civil activities are being evaluated at this time.

LMR SITES/CIVIL

- Continue to provide Gap Analysis for the site selection, as well as site construction issues, among other sections of the RFP, for compliance.
- No other Site/Civil activities are being evaluated at this time.

LA-RICS

LA-RICS Master Calendar

As of Monday, 25 February 2013

March 2013
(Proposed)

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1 Agenda Posting for March JPA Board Meeting	2
3	4 Written responses to all Prop #2 questions due	5 #2 Evaluations	6 #2 Evaluations	7 #2 Evaluations	8	9
10	11 #2 Evaluations	12 #2 Evaluations	13	14 0900 - JPA BOD Mtg	15	16
17	18	19	20	21	22 Aim to Complete Final Evaluations	23
24	25	26	27	28	29 Agenda Posting for April JPA Board Meeting	30
31 Easter						

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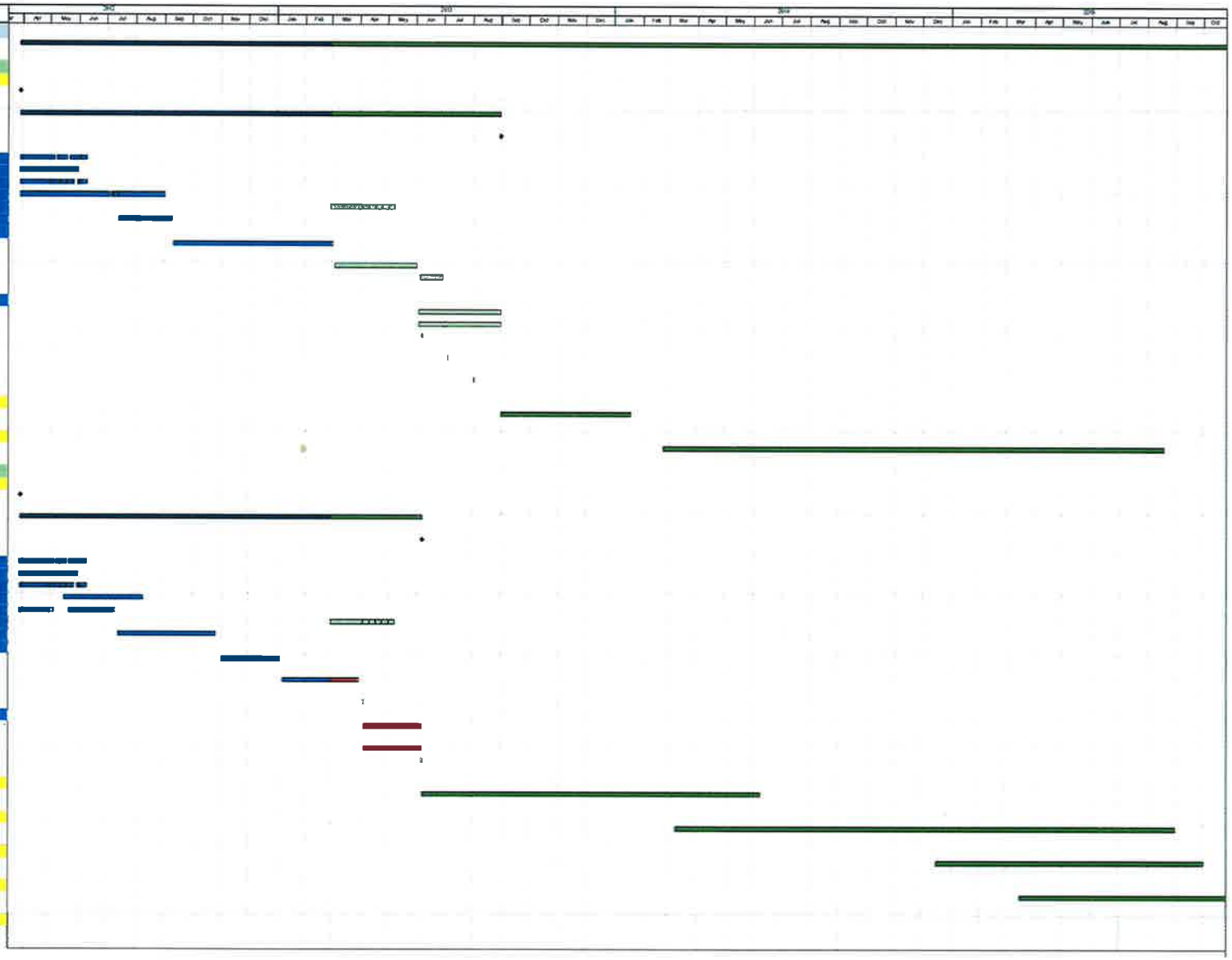
AGENDA ITEM 4

LA-RICS MASTER SCHEDULE PHASE 0

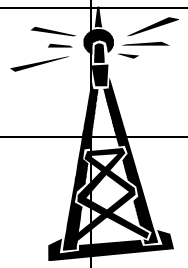
Activity ID	Activity Name	Duration	Start	Finish
LA-RICS - Phase 0				
MS-0010	LARICS Master Program Summary	7643	29-Mar-12 A	01-Mar-33
LTE (Long Term Evolution) Network				
9.1 LTE - Preliminary Phase - Project Setup				
LTE1-STMS	Start LTE - Preliminary Phase Project Setup	0	29-Mar-12 A	
LTE1-SMMRY	Summary LTE - Preliminary Phase Project Setup	520	29-Mar-12 A	30-Aug-13
LTE1-FNMS	Finish LTE - Preliminary Phase Project Setup	0		30-Aug-13
9.1.1 LTE - Document Management				
9.1.2 LTE - Cost Modeling				
9.1.4 LTE - Project Delivery Plan (PDP)				
9.1.5 LTE - Site Evaluation Assessments				
9.1.6 LTE - Community Outreach Support (TOC)				
9.1.7 RFP Process				
9.1.8 Compliance Analysis				
LTE1-8300	Support for Preparing LTE RFP	125	10-Sep-12 A	01-Mar-13
LTE1-8400	Support for Proposal Evaluations	65	04-Mar-13	31-May-13
LTE1-3910	LARICS Board Approval to enter into Negotiations	25	04-Jun-13	28-Jun-13
9.1.9 LTE - Vendor Negotiations				
LTE1-3900	Contract Negotiations with LTE Vendor	65	03-Jun-13	30-Aug-13
LTE1-3930	Support for Vendor Negotiations	65	03-Jun-13	30-Aug-13
LTE1-3920	LARICS Board Approves LTE System Vendor Selection	1	05-Jun-13	05-Jun-13
LTE1-3940	LARIS Board Pre-Briefing of Vendor Contract	1	04-Jul-13	04-Jul-13
LTE1-3950	LARICS Board approves LTE Vendor's Contract	1	01-Aug-13	01-Aug-13
9.2 LTE - Phase 1 - System Design				
LTE2-SMMRY	Summary LTE - Phase 1 System Design	140	31-Aug-13	17-Jan-14
9.4 LTE - Phase 3 - Site Construct & Site Modification				
LTE4-SMMRY	Summary LTE - Phase 3 Site Construct & Site Modification	543	22-Feb-14	18-Aug-15
LMR (Land Mobile Radio) Network				
9.1 LMR - Preliminary Phase - Project Setup				
LMR1-1600	Start LMR - Preliminary Phase Project Setup	0	29-Mar-12 A	
LMR1-SMMRY	Summary LMR - Preliminary Phase Project Setup	435	29-Mar-12 A	06-Jun-13
LMR1-1700	Finish LMR - Preliminary Phase Project Setup	0		06-Jun-13
9.1.1 LMR - Document Management				
9.1.2 LMR - Cost Modeling				
9.1.4 LMR - Project Delivery Plan (PDP)				
9.1.5 LMR Site Evaluation				
9.1.6 LMR - LMR Network Review				
9.1.7 LMR - Community Outreach Support (TOC)				
9.1.7 Support RFP				
9.1.8 Compliance Analysis				
LMR1-8030	Support Prep for Evaluations	45	01-Nov-12 A	02-Jan-13 A
LMR1-8040	Support for Proposal Evaluations	60	07-Jan-13 A	29-Mar-13
LMR1-8050	LA-RICS Board Status of Resolutions	1	04-Apr-13	04-Apr-13
9.1.9 LMR - Vendor Negotiations				
LMR1-1100	Contract Negotiations with LMR System Vendor	62	05-Apr-13	05-Jun-13
LMR1-1130	Support for Vendor Negotiations	62	05-Apr-13	05-Jun-13
LMR1-1120	LARICS Board Approves LMR System Vendor Selection	1	05-Jun-13	05-Jun-13
9.2 LMR - Phase 1 - System Design				
LMR2-SMMRY	Summary LMR - Phase 1 System Design	365	07-Jun-13	07-Jan-14
9.4 LMR - Phase 3 - Site Construct & Site Modification				
LMR4-SMMRY	Summary LMR - Phase 2 Site Construct & Site Modification	541	08-Mar-14	30-Aug-15
9.5 LMR - Phase 3 - Supply Telecom System Components				
LMR5-SMMRY	Summary LMR - Phase 3 Supply Telecom System Components	290	15-Dec-14	30-Sep-15
9.6 LMR - Phase 4 - Telecom System Implementation				
LMR6-SMMRY	Summary LMR - Phase 4 Telecom System Implementation	1069	15-Mar-15	15-Feb-18
9.8 LMR - Phase 6 - Telecom System Warranty				
LMR8-SMMRY	Summary LMR - Phase 5 Telecom System Maintenance	5480	01-Mar-18	01-Mar-33



AGENDA ITEM 4

LA-RICS Land Mobile Radio System Notional Project Schedule

PROJECT PHASE AND FUNDING	Aug, 2012	May, 2013	Jun, 2013	Mar, 2014	May, 2014	Dec, 2014	Mar, 2015	Aug, 2015	Sep, 2015	Feb, 2017	Mar, 2017	Feb, 2018
Procurement, LMR Contractor SHGSP 10, Jacobs	*Aug, 2012 to Jun, 2013* *10 months*											
PHASE I. LMR Systems Design UASI 09, UASI 10, UASI 11 - LMR Contractor SHGSP 10 , Jacobs SHSGP 11 , Jacobs, UltraSystems			*Jun, 2013 to May, 2014* *12 months*									
PHASE II. Site Construction and Site Modification UASI 12 , UASI 13 - LMR Contractor SHSGP 12 , SHSGP 13, Jacobs				*Mar, 2014 to Aug, 2015* *18 months*								
PHASE III. Supply LMR System Components UASI 14 , LMR Contractor SHSGP 14 , Jacobs						Dec, 2014 to Sep, 2015 *10 months*						
PHASE IV. LMR System Implementation UASI 15 , UASI 16 , LMR Contractor SHSGP 15 , SHSGP 16 , Jacobs							System Implementation *Mar, 2015 to Feb, 2017* *24 months*			System Warranty *Mar, 2017 to Feb, 2018* *12 months*		
PHASE V. LMR System Maintenance (Timeline to be determined)												



Grant Funding:	Award	Available Balance	Performance Period Deadline	Possible Extension	Comments
SHSGP 10	$ 5,315,000	$ 5,315,000	6/30/13	10/30/13	LA-RICS will request an extension through 10/30/2013 on 5/30/13.
SHSGP 11	$ 3,000,000	$ 3,000,000	6/30/14		LA-RICS secured an extension from CalEMA through 6/30/2014. Administrator requests closeout paperwork by 4/30/14
SHSGP 12	$ 250,000	$ 250,000	6/30/14		LA-RICS secured an extension from CalEMA through 6/30/2014. Administrator requests closeout paperwork by 4/30/14
SHSGP 13			6/30/15		
SHSGP 14			6/30/16		
SHSGP 15			6/30/17		
SHSGP 16			6/30/18		
Total SHSGP	$ 8,565,000	$ 8,565,000			

Grant Funding:	Award	Available Balance	Performance Period Deadline	Possible Extension	Comments
UASI 9	$ 23,929,838	$ 16,929,838	6/30/12	12/31/13	Submitted request to extend performance period deadline to 12/31/13. Pending response.
UASI 10	$ 20,406,079	$ 20,406,079	6/30/13	3/31/14	Submitted request to extend performance deadline to 3/31/14. Pending response.
UASI 11	$ 18,227,386	$ 18,227,386	6/30/14		Administrator requests closeout paperwork by 3/30/14
UASI 12	$ 18,263,579	$ 18,263,579	6/30/14		Administrator requests closeout paperwork by 3/30/14
UASI 13			6/30/15		
UASI 14			6/30/16		
UASI 15			6/30/17		
UASI 16			6/30/18		
Total UASI	$ 80,826,882	$ 73,826,882			
Combined: SHSGP & UASI	**$ 89,391,882**	**$ 82,391,882**			

AGENDA ITEM 5 - ATTACHMENT A

LA-RICS Long Term Evolution System Notional Project Schedule

PROJECT PHASE	Dec, 2012	Feb, 2013	Apr, 2013	May, 2013	Nov, 2013	Feb, 2014	Apr, 2014	May, 2014	Jun, 2014	Oct, 2014	Nov, 2014	Apr, 2015	Jun, 2015	Aug, 2015
Procurement, LTE Contractor BTOP	**Request for Proposal:** Draft, Review, Finalize *12/3/12 to 4/26/13 (4 months)*			Release RFP, evaluate proposals, execute contract 5/1/13 to 11/20/13 *5 months*										
NEPA/CEQA Process			**Environmental Assessment/ Mitigated Negative Declarration** UltraSystem prepares draft EA /MND *2/25/13 to 2/3/14 (11 months)*			**Permitting Process** Public review, revisions, adoption by LA-RICS board 2/4/14 to 6/26/14 *(4 months)*								
PHASE I SYSTEM DESIGN						Issue Notice to Proceed, LTE contractor prepares project description, final system design 11/21/13 tp 5/28/14 (6 *months)*								
PHASE 2 Site Construction										**Site Construction** *6/27/14 to 12/17/14 (6 months)* ***Site Installation*** *10/21/14 to 4/9/15 (6 months)*				
PHASE 4 Implementation and System Testing											**Implementation** *11/19/14 to 5/21/15 (5 mos)* ***System Testing*** *1/14/15 to 6/22/15 (5 mos)*			
TRAINING												Technician and System Administrator *10/21/14 to 6/19/15 (8 months)* End User *6/23/15 to 8/18/15 (2 months)*		

NOTE: PHASE 3 was cancelled.

Funding		Award	Modified Budget	Available Balance*	Comments
BTOP					*A request will be submitted to extend this grant's original deadline of August 30, 2013 to August 30, 2015.*
Administrative and Legal		$ 10,611,620	$ 12,228,447	$ 10,286,159	*Available Balance is based on the Award amount, not the Modified Budget, less expenditures.
Architectural and Engineering		$ 14,817,550	$ 13,939,416	$ 11,860,197	
Equipment		$ 92,973,710	$ 67,711,696	$ 92,973,710	
Land, Structure, Rights of Way		$ 35,817,120	$ 28,640,901	$ 35,817,120	
Construction			$ 28,382,040	$ -	This is a new category submitted with the modified budget.
Miscellaneous		$ 420,000	$ 3,737,500	$ 420,000	
Subtotal		$ 154,640,000	$ 154,640,000	$ 151,357,186	
LA-RICS Match-Cash					
Administrative and Legal		$ 1,076,407	$ 5,403,257	$ 312,306	
Architectural and Engineering			$ 2,104,132		
Equipment		$ 14,505,549	$ 14,505,549	$ 14,505,549	
Land, Structure, Rights of Way					
Miscellaneous		$ 850,000		$ 850,000	
Subtotal		$ 16,431,956	$ 22,012,938	$ 15,667,855	
LA-RICS Match-In-Kind					
Administrative and Legal		$ 1,609,077	$ 2,864,565	$ 379,986	
Architectural and Engineering		$ 1,543,236		$ 1,543,236	
Equipment	250000	$ 5,889,315	$ 5,889,315	$ 5,889,315	
Land, Structure, Rights of Way		$ 37,780,781	$ 8,868,458	$ 37,780,781	
Miscellaneous	250000	$ -	$ 250,000		
Subtotal		$ 46,822,409	$ 17,872,338	$ 45,593,318	
LA-RICS Combined		$ 63,254,365	$ 39,885,276	$ 61,261,173	
GRAND TOTAL		$ 217,894,365	$ 194,525,276	$ 212,618,358	

AGENDA ITEM 5 - ATTACHMENT B

COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

WENDY L. WATANABE
AUDITOR-CONTROLLER

February 14, 2013

The Board of Directors
Los Angeles County Regional Interoperable
Communications System (LA-RICS)
c/o Patrick J. Mallon, Executive Director
2525 Corporate Place, Suite 200
Monterey Park, CA 91754

Members of the Board:

AUDIT OF THE LOS ANGELES REGIONAL INTEROPERABILITY COMMUNICATION SYSTEM AUTHORITY FOR THE YEAR ENDED JUNE 30, 2012

Attached are the independently audited financial statements for the Los Angeles Regional Interoperability Communication System Authority (LA-RICS) for the year ended June 30, 2012.

The auditor's report (attached) concludes that the financial statements are presented fairly in conformance with generally accepted accounting principles and State regulations governing special districts. The auditor's report also indicates that there were no findings of material deficiencies in LA-RICS' controls over financial reporting.

If you have any questions, please call me, or your staff may contact Rachelle Anema at (213) 974-8327.

Very truly yours,

Wendy L. Watanabe
Auditor-Controller

WLW:JN:CY:RA
H:\Special Funds\Special Funds Unit\Audits\JPA\LARICS\LARICS – FY 2011-2012\Final Reports\ Cover Letter-LARICS Audit FY11-12.doc

Attachment

c: Michael Iwanaga, County of Los Angeles, Chief Executive Office

BCA Bazilio Cobb Associates

Certified Public Accountants and Consultants
21250 Hawthorne Blvd. Suite 150 Torrance, CA 90503
t: (310) 792-4640 f: (310) 792-4140

December 21, 2012

To the Board of Directors of
The Los Angeles Regional Interoperable Communications System Authority

We have audited the basic financial statements of the Los Angeles Regional Interoperable Communications System Authority (Authority) as of and for the year ended June 30, 2012, and have issued our report thereon dated December 21, 2012. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility under Generally Accepted Auditing Standards (and when applicable, *Government Auditing Standards*)

Our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Authority solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

There were no findings regarding significant control deficiencies over financial reporting and material noncompliance and other matters noted during our audit.

Washington www.baziliocobb.com Los Angeles

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to the County of Los Angeles at our entrance conference held on September 10, 2012.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Authority is included in Note 2 to the financial statements. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. There were no sensitive accounting estimates affecting the financial statements.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. There was no sensitive disclosure affecting the financial statements.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. There are no uncorrected misstatements relating to the Authority.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Authority's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter dated December 21, 2012.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Findings or Issues

In the normal course of our professional association with the Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Authority's auditors.

This report is intended for the information and use of the Board of Directors, management, others within the Authority, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Bazilio Cobb Associates

BCA Bazilio Cobb Associates

Certified Public Accountants and Consultants
21250 Hawthorne Blvd. Suite 150 Torrance, CA 90503
t: (310) 792-4640 f: (310) 792-4140

To the Board of Directors of
The Los Angeles Regional Interoperable Communications System Authority

In planning and performing our audit of the basic financial statements of the Los Angeles Regional Interoperable Communications System Authority (Authority) as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

During our audit, we noted no matters involving internal control and operational matter that is presented for your consideration.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies and procedures that may exist.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Thank you for the opportunity to serve the Authority. We appreciate the courtesy and cooperation extended to us during our audit.

Torrance, California
December 21, 2012

Bazilio Cobb Associates

THE LOS ANGELES REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEM AUTHORITY

Financial Statements and Independent Auditor's Report

For the Year Ended June 30, 2012
With Comparative Totals for 2011

BCA Bazilio Cobb Associates

Certified Public Accountants and Consultants
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t: (310) 792-4640 f: (310) 792-4140

AGENDA ITEM 6

THE LOS ANGELES REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEM AUTHORITY

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED JUNE 30, 2012 (With Comparative Totals for 2011)

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AGENDA ITEM 6

BCA Bazilio Cobb Associates

Certified Public Accountants and Consultants
21250 Hawthorne Blvd. Suite 150 Torrance CA 90503
t: (310) 792-4640 f: (310) 792-4140

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Los Angeles Regional Interoperable Communications System Authority

We have audited the accompanying balance sheet of the Los Angeles Regional Interoperable Communications System Authority (Authority) as of June 30, 2012, and the related statement of revenues, expenditures and change in fund balance for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year's summarized comparative information has been derived from the 2011 financial statements and, in our report dated January 30, 2012 we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Controller's Minimum Audit Requirements and Reporting Guidelines for Special District. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2012, and the results of its operations and the changes in its fund balances thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2012 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (MD&A) and the Required Supplementary Information, as listed in the accompanying table of contents, are not a required part of the Authority's basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Authority taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic combined financial statements taken as a whole.

Torrance, California
December 21, 2012

Bazilio Cobb Associates

THE LOS ANGELES REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEM AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

The Management's Discussion and Analysis (MD&A) of the financial activities of the Los Angeles Regional Interoperable Communications System Authority (Authority) provides a narrative overview of the Authority's financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the accompanying basic financial statements, footnotes and supplementary information.

Financial Highlights

- During the current year, the Authority's assets totaled $4,871,047. Cash and Investments deposited in the County Treasury Pool totaled $72,013.
- Operating revenues totaled $4,794,110 and mainly consisted of federal and state grants in the amount of $2,650,561 and contributions from the County of Los Angeles.
- The Authority has no short or long term debt.

Overview of Financial Statements

This MD&A serves as an introduction to the Authority's basic financial statements. The basic financial statements include four components: 1) Balance Sheet; 2) Statement of Revenues, Expenses and Changes in Fund Balance; 3) Notes to the Financial Statements and 4) Supplemental information.

- The Balance Sheet presents all of the Authority's assets and liabilities, with the difference reported as fund balance. Over time, increases or decreases in fund balance may serve as a useful indicator to determine whether the financial position of the Authority is improving or deteriorating.
- The Statement of Revenues, Expenses and Changes in Fund Balance present information showing how the Authority's fund balance changed during the fiscal year. All changes in fund balance (revenues and expenses) are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Accordingly, revenues and expenses are reported in this statement for items that will result in cash flows in future fiscal periods (e.g. accrued but unpaid contract and professional service fees).
- The notes provide additional information that is essential for a full understanding of the data provided in the basic financial statements.
- The supplemental information includes schedules in the format of the basic financial statements, showing the activity for each fund.

Financial Statement Analysis

Operating revenues consist primarily of federal grants and contributions from the County of Los Angeles. Operating expenses consist primarily of contract and professional service fees.

Capital Assets

As of June 30, 2012, the Authority had no capital assets.

Debt Administration

As of June 30, 2012, the Authority had $4,135,639 in loans payable that bear no interest and have no definite repayment schedule. This payable is a cash operating loan from the County of Los Angeles for initial funding of the Authority's start-up and operational costs.

Economic Factors

The Authority was established to engage in regional and cooperative planning and coordination of governmental services to establish a wide-area interoperable public safety communications network (commonly referred to as the "Los Angeles Regional Interoperable Communication Systems (LA-RICS)"). The Authority is a collaborative effort of local government, law enforcement, fire service, and health professionals with elected and appointed officials working towards the common goal to develop LA-RICS.

The Authority is the recipient of the Broadband Technology Opportunity Program (BTOP) grant administered by the Department of Commerce (DOC) to fund its proposed public safety broadband network. The grant will continue to be administered by DOC in Fiscal Year 2012-2013.

The following LA-RICS activity is anticipated for Fiscal Year 2012-2013:

- **Preparation of a new RFP for both LMR and LTE Systems**
  President Barack Obama signed into law the Middle Class Tax Relief and Jobs Creation Act of 2011 (H.R. 3630) on February 22, 2012, which directed, among other things, the auction of the radio spectrum 'T-band" (47O MHz to 521 MHz) within nine years. The T-band has been at the center of the LA-RICS system design since its inception and H.R. 3630 unintentionally changed that. This legislation prompted LA-RICS to conduct assessments to evaluate the viability of building the envisioned Land Mobile Radio (LMR) system and the possibility of moving the LMR system immediately to the 700 and 800 MHz spectrums. The assessments included a 700/800MHz Analysis Report, LMR Hybrid Feasibility Report, and LMR Sites Assessment Report. After these studies determined the lack of sufficient frequencies for regional interoperable 700-800 MHz communications systems, LA-RICS developed solutions to combine channels in both the 700 MHz spectrum and T-band frequencies into a "hybrid system".

Unfortunately, the changes necessary to bring the procurement into line with the new spectrum limitations were deemed significant by the Authority's counsel. On August 2, 2012, the LA-RICS Board of Directors was compelled to cancel the procurement process and direct staff to prepare a new RFP. This required the Authority to work with the engineering and technical project management team that conducted the assessments to develop and enhance interoperable emergency communication plans and protocols and incorporate them into the RFP rewrite.

- **Negotiation and Selection of Contractors**
  It is anticipated that during Fiscal Year 2012-13, a contract will be executed with an LMR System contractor and subsequently with an LTE System contractor.

- **Hiring of Project Staff**
  The Authority anticipates filling 5 vacancies in FY 2012-13. A portion of their time will be used as in-kind match for the BTOP grant.

- **Expansion of the Project Management Contract**
  The contract for Project Management services will be expanded as a result of the need to reissue the RFP. Some of these expanded services will include producing technical summaries of all RFP inputs and a proposal compliance report, development of a LMR Project Delivery Plan, and development of procedures for document management which will include a plan for electronic file storage.

Contacting the Authority's Financial Management

This financial report is designed to provide our citizens and other interested parties with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the County of Los Angeles, Department of Auditor-Controller, 500 West Temple Street, Room 525, Los Angeles, CA 90012.

THE LOS ANGELES REGIONAL
INTEROPERABLE COMMUNICATIONS SYSTEM AUTHORITY

BALANCE SHEET
June 30, 2012
(With Comparative Totals for FY 2011)

Assets	2012	2011
Cash and investments (Note 3)	$ 72,013	$ 914,134
Interest receivable	300	2,130
Due from other governments (Note 4)	3,556,747	-
Accounts receivable (Note 5)	1,241,987	264,039
Total assets	$ 4,871,047	$ 1,180,303

Liabilities and Fund Balance		
Accounts payable	$ 856,102	$ 102,906
Loans payable (Note 6)	4,135,639	1,166,307
Total liabilities	4,991,741	1,269,213
Fund balance – unassigned (Note 2)	(120,694)	(88,910)
Total liabilities and fund balance	$ 4,871,047	$ 1,180,303

See accompanying notes to the basic financial statements.

THE LOS ANGELES REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEM AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Year Ended June 30, 2012
(With Comparative Totals for FY 2011)

	2012	2011
Revenues		
Federal grants	$ 2,650,561	$ 1,095,026
Contribution from other governmental agencies	1,530,668	133,693
Local match (Note 7)	605,693	538,693
Interest income	7,188	5,426
Total revenues	4,794,110	1,772,838
Expenditures		
Consultants' services	2,888,305	1,281,314
County department services	1,276,074	-
Donated services (Note 7)	605,693	538,693
Audit	26,208	-
Travel and transportation	26,389	27,661
Education and training	1,980	-
Personnel services	-	2,192
Miscellaneous	1,245	11,888
Total expenditures	4,825,894	1,861,748
Excess (deficiency) of revenues over expenditures	(31,784)	(88,910)
Fund balance, beginning of year	(88,910)	-
Fund balance, end of year	$ (120,694)	$ (88,910)

See accompanying notes to the basic financial statements.

NOTE 1 – REPORTING ENTITY

The Los Angeles Regional Interoperable Communications System Authority (Authority), a separate public entity, was created in May 2009 through a Joint Powers Agreement (JPA) between the Los Angeles County, the City of Los Angeles, and eighty-three (83) other public agencies located in the greater Los Angeles Area. The Authority was created to exercise the powers shared in common by its members to engage in regional and cooperative planning and coordination of the governmental services to establish a wide-area interoperable public safety communications network.

The Authority is governed by a seventeen (17) member Board of Directors which serves without compensation. The 17 Board members consists of the following:

1. County of Los Angeles, Chief Executive Officer
2. County of Los Angeles, Fire Chief
3. County of Los Angeles, Sheriff
4. County of Los Angeles, Department of Health Services Director
5. City of Los Angeles, City Administrative Officer
6. City of Los Angeles, Fire Chief
7. City of Los Angeles, Police Chief
8. City of Los Angeles, Chief Legislative Analyst
9. Los Angeles Unified School District Police Chief
10. City of Long Beach
11. Los Angeles Area Fire Chief Association
12. Los Angeles County Police Chiefs Association
13. California Contract Cities Association
14. City of Torrance
15. City of Culver City, Police Chief
16. City of Covina, Police Chief
17. City of Burbank Water & Power

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The accounts of the Authority are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related liabilities, obligations, reserves and equity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Government resources are allocated to and for individual funds based on the purpose for which they are spent and means by which spending activities are controlled.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

The Authority's General Fund is available for any authorized purpose and is used to account for and report all financial resources not accounted for and reported in another fund. Funding comes primarily from federal grants through the Department of Commerce, Broadband Technology Opportunities Program (BTOP) and contributions from the County of Los Angeles.

Basis of Accounting

The General fund is accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred.

Fund Balances

In the fund financial statements, the governmental funds report the classification of fund balance in accordance with GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions." The reported fund balances are categorized as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the Authority is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable Fund Balance – amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories and long-term notes receivable.

Restricted Fund Balance – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted only by changing the condition of the constraint.

Committed Fund Balance – amounts that can only be used for the specific purposes determined by a formal action of the Authority's highest level of decision-making authority, the Authority's Board. Commitments may be changed or lifted only by the Authority taking the same formal action that imposed the constraint originally. The underlying action that imposed the limitation needs to occur no later than the close of the fiscal year.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances (Continued)

Assigned Fund Balance – amounts intended to be used by the Authority for specific purposes that are neither restricted nor committed. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose.

Unassigned Fund Balance – the residual classification for the Authority's General Fund that includes amounts not contained in other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The Authority's Board establishes, modifies, or rescinds fund balance commitments and assignments through the adoption of the budget and subsequent amendments that occur throughout the fiscal year.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

Revenue

Recognition of revenues arising from non-exchange transactions, which include revenues from grants and contributions, is based on the primary characteristic from which the revenues are received by the Authority. Grant funds are considered earned to the extent of expenditures made under the provisions of the grants.

Deferred revenue arises when potential revenues do not meet both the measurable and availability criteria for recognition in the current period. Deferred revenue also arises when the Authority receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualified expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Authority has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

NOTE 3 - CASH AND INVESTMENTS

The Authority's cash and investments are pooled and invested by the County Treasurer and are subject to withdrawal from the pool upon demand. The Authority's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income earned by the pooled investments is allocated to the various funds based on the fund's average cash and investment balance, as provided by the California Government code Section 53647. The Authority cash and investment balance as of June 30, 2012 is $72,013.

Investment policies and associated risk factors applicable to the Authority are included in the County of Los Angeles' Comprehensive Annual Financial Report for the year ended June 30, 2012. Detailed deposit and investment risk disclosures are included in Note 5 of the County of Los Angeles' Comprehensive Annual Financial Report.

NOTE 4 – DUE FROM OTHER GOVERNMENTS

Due from other governments as of June 30, 2012 in the amount of $3,556,747, represents the Authority's cash held by the County for activities during the 13th period of fiscal year 2012. Any cash increases or decreases in the Authority's fund are posted in due from/due to other government's fund during the 13th period and then posted to cash at the beginning of new fiscal year.

NOTE 5 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2012 in the amount of $1,241,987, represents a $678,258 receivable from the Department of Commerce for allowable Broadband Technology Opportunities Program expenditures and a $563,729 receivable from the Department of Homeland Security for allowable State Homeland Security Grant Program expenditures.

NOTE 6 – LOANS PAYABLE

The initial funding of the Authority's start-up and operational costs was provided through a cash operating loan from the County of Los Angeles. This loan bears no interest and has no definite repayment schedule. The balance of this loan as of June 30, 2012 was $4,135,639.

NOTE 7 – OFFICE LEASE

The Authority occupies, rent free, 5,093 square feet of space in a building located in Monterey Park, California leased by the Los Angeles County Sheriff's Department. The lease expense is absorbed by the Los Angeles County Sheriff's Department.

NOTE 8 – LOCAL MATCH

The BTOP grant requires the Authority to provide, from non-federal sources not less than 20 percent of the total project cost. Matching funds can be in the form of either cash or in-kind contributions. The Authority has recorded the in-kind contributions and donated services in the amount of $605,693.

NOTE 9 – COMPARATIVE FINANCIAL DATA

The amounts shown for 2011 in the accompanying financial statements are included only to provide a basis for comparison with 2012 and are not intended to present all information necessary for a fair presentation in accordance with generally accepted accounting principles.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

In May, 2011 the Authority received notification that the Long Term Evolution Activities (LTE) portion of the Broadband Technology Opportunities Program (BTOP) grant was being partially suspended. This was a result of the President of the United States signing into law the "Middle Class Tax Relief and Job Creation Act of 2012" (the Act). Title VI of the Act requires the Federal Communications Commission (FCC) to reallocate the use of the 700 Mhz D block spectrum. The outcome of the Act and the impact to the Authority are still being determined. If BTOP funding is suspended, the Authority will have to revisit the viability of moving forward with the LTE portion of the project.

NOTE 11 – CONTINGENT LIABILITIES

The Authority is aware of potential claims that may be filed against them. The outcome of these matters is not presently determinable, but the resolution of these matters is not expected to have a significant impact on the financial condition of the Authority.

NOTE 12 – SUBSEQUENT EVENTS

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through December 21, 2012, the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

THE LOS ANGELES REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEM AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2012

	Budget Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues:				
Federal grants	$ 2,350,000	$ 5,067,000	$ 2,650,561	$ (2,416,439)
Contribution from other governmental agencies	7,436,000	7,436,000	1,530,668	(5,905,332)
Local Match (Note 7)	-	-	605,693	605,693
Interest income	-	-	7,188	7,188
Total revenue	9,786,000	12,503,000	4,794,110	(7,708,890)
Expenditures:				
Consultant' services	4,164,000	6,881,000	2,888,305	3,992,695
County department services	5,072,000	5,072,000	1,276,074	3,795,926
Donated services (Note 7)	-	-	605,693	(605,693)
Travel and training	200,000	200,000	28,369	171,631
Audit	50,000	50,000	26,208	23,792
Supplies	150,000	150,000	-	150,000
Miscellaneous	-	-	1,245	(1,245)
Capital projects	150,000	150,000	-	150,000
Total expenditures	9,786,000	12,503,000	4,825,894	7,677,106
Excess (deficiency) of revenues over expenditures	-	-	(31,784)	(31,784)
Fund balance, beginning of year	-	-	(88,910)	(88,910)
Fund balance, end of year	$ -	$ -	$ (120,694)	$ (120,694)

See accompanying notes to required supplementary information.

THE LOS ANGELES REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEM AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2012

BUDGETARY DATA

The Authority adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America and utilizes an encumbrance system as a management control technique to assist in controlling expenditures and enforcing revenue provisions. Under this system, the current year expenditures are charged against appropriations. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items.

AUDIT OF FEDERAL AWARDS PROGRAMS

BCA Bazilio Cobb Associates

Certified Public Accountants and Consultants
21250 Hawthorne Blvd. Suite 150 Torrance, CA 90503
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
The Los Angeles Regional Interoperable Communications System Authority

We have audited the accompanying basic financial statements of the Los Angeles Regional Interoperable Communications System Authority (Authority) as of and for the year ended June 30, 2012 and have issued our report thereon dated December 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on effectiveness of the Authority's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

This report is intended solely for the information and use of the Board of Directors, management and others within the Authority, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Torrance, California
December 21, 2012

Bazilio Cobb Associates

BCA Bazilio Cobb Associates

Certified Public Accountants and Consultants
21250 Hawthorne Blvd. Suite 150 Torrance, CA 90503
t: (310) 792-4640 f: (310) 792-4140

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of
The Los Angeles Regional Interoperable Communications System Authority

Compliance

We have audited the compliance of Los Angeles Regional Interoperable Communications System Authority (Authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement*, that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis for designing our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management and others within the Authority, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Torrance, California
December 21, 2012

Bazilio Cobb Associates

THE LOS ANGELES REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEM AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor / Program Title	CFDA Number	Grant Amount	Grant Period	Total Expenditures
FEDERAL				
U.S. Department of Commerce/National Telecommunications and Information Administration				
Direct program				
Broadband Technology Opportunities Program (BTOP) – ARRA	11.557*	$154,640,000	9/1/10 -8/30/13	$ 1,946,086
U.S. Department of Homeland Security				
Passed through the County of Los Angeles				
State Homeland Security Grant Program - 2009	97.067*	$704,475	10/1/09-4/30/12	704,475
Total Federal Expenditures				$ 2,650,561

* Major Program

See accompanying notes to schedule of expenditures of federal awards.

THE LOS ANGELES REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEM AUTHORITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2012

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Los Angeles Regional Interoperable Communications System Authority and is presented using the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

THE LOS ANGELES REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEM AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012

SECTION I – SUMMARY OF AUDITOR'S RESULTS

A - Financial Statements

1) Type of auditor's report issued:	Unqualified
2) Internal control over financial reporting:	
a) Material weakness (es) identified?	No
b) Significant deficiency (ies) identified not considered to be material weaknesses?	None reported
3) Noncompliance material to financial statements noted?	No

B - Federal Awards

1) Type of auditor's report issued on compliance for major programs:	Unqualified
2) Internal control over major programs:	
a) Material weakness(es) identified?	No
b) Significant deficiency(ies) identified not considered material weakness(es)?	None reported
3) Any audit findings disclosed that are required to be reported in accordance with OMB A-133.510(a)?	No

LOS ANGELES REGIONAL
INTEROPERABLE COMMUNICATIONS SYSTEM AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012

SECTION 1 – SUMMARY OF AUDITOR'S RESULTS (Continued)

B - Federal Awards (Continued)

4) Identification of major program:

CFDA Number(s)	Name of Federal Program
11.557	Broadband Technology Opportunities Program (BTOP) – ARRA
97.067	State Homeland Security Grant Program – 2009

5) Dollar threshold used to distinguish between Type A and Type B programs: $300,000

6) Auditee qualified as low-risk auditee? No

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV – PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None reported.

LA-RICS

LOS ANGELES REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEM AUTHORITY

2525 Corporate Place, Suite 200
Monterey Park, California 91754
(323) 881-8291

PATRICK J. MALLON
EXECUTIVE DIRECTOR

March 14, 2013

TO: LA-RICS AUTHORITY BOARD OF DIRECTORS

FROM: PATRICK J. MALLON
EXECUTIVE DIRECTOR

SITE ACCESS AGREEMENTS

Significant progress has been made toward finalizing the draft Site Access Agreement for licensing the use of specific sites to LA-RICS Authority for its use as a Land Mobile Radio and/or Long Term Evolution broadband communication sites. The draft Agreement includes critical items that need to be finalized quickly between the parties. These critical items are listed in the attached Site Access Agreement Key Points.

We request your board inform your respective agencies that the Authority staff will be reaching out to begin the process of finalizing these Agreements.

PJM

Attachment

AGENDA ITEM 7

Site Access Agreement Key Points

(Proposed)

1. Licensed Site
    a. Accept terms and conditions of agreement
    b. Authority accepts site in as-is-condition
    c. Authority and contractors may construct on site at its own expense
    d. Authority accepts legal right of owner and will not assail, contest or resist title
    e. All improvements installed by Authority will be owned by Authority (or other agency as may be provided in grant documents).
2. Purpose and use
    a. Sole purpose is to build transmitter site
    b. Authority's use will be consistent with agreement
    c. Use of site by owner is allowed but shall not interfere with LA-RICS use
3. Approval/Design Review
    a. Authority will furnish plans at several stages for review and owner input
    b. Owner accepts that LA-RICS is exempt from complying with permitting, zoning, land use, and special or conditional use permitting requirements
        i. Should ministerial permits be required, owner will expeditiously process
        ii. Associated costs will be waived for review
    c. LA-RICS may conduct testing of sites to insure acceptability.
4. Term
    a. Sets term of use
    b. Right to extend for maximum number of years or automatically renew
5. Consideration
    a. Consideration for use is LA-RICS compliance with all terms of agreement
    b. Parties MAY in the future agree that the license granted shall count towards Owner's in-kind contribution. Calculation or formula to be determined
6. Conditions Precedent to Installation of Additional or Alteration of Equipment
    a. Owner shall have opportunity to review and provide input into proposed alterations of equipment <u>AFTER</u> initial installation
    b. Any further alteration to site after Owner review and input.
7. Installation
    a. LA-RICS equipment shall be installed at LA-RICS expense
    b. Owner may grant use of unused portion of site to third party provided such use will not interfere with LA-RICS operations
    c. Owner may install own equipment so long as the installation does not interfere
    d. Site acceptance is in "as-is" condition
    e. LA-RICS will supply Owner with "as-built" drawings.
8. Alterations

    a. LA-RICS shall make no other renovations, alterations or improvements to site without written notice to Owner.
9. Maintenance
    a. Owner is responsible for maintenance of site, except LA-RICS shall keep it's area neat and clean.
    b. LA-RICS is responsible for repair of damage to site caused by its actions
    c. If repairs not timely, Owner may repair and charge LA-RICS
10. Construction Standards
    a. Installation and maintenance shall be neat and workmanlike and comply with statutes, laws and ordinances of the applicable jurisdiction, except as otherwise exempted
    b. LA-RICS shall remove any debris from maintenance, operation and construction.
11. Other Operational Responsibilities
    a. Authority and its contractors will abide by rules, regulations and directions of Owner
    b. Hold a valid FCC license
    c. Conduct permitted activities in a courteous manner without interfering with the Owners use of the property
    d. Assume risk of loss, damage or destruction for LA-RICS equipment and fixtures except by act of the Owner
12. Relocation
    a. Owner may request relocation of the LA-RICS facility or any portion thereof only once
        i. If the relocation is to a similar site
        ii. Owner pays cost of relocation
        iii. Provide 6 months advanced notice
        iv. New site is CEQA/NEPA compliant
        v. LA-RICS allowed to place temporary equipment during such move
13. Access to Licensed Site
    a. Owner grants Authority a nonexclusive right to use site at its sole risk and Authority accepts site in “as-is” condition.
    b. LA-RICS will share in proportionate cost of cleanup of mudslide debris and repair of site after storm or heavy rainfall.
14. Emergency Access by Owner
    a. Owner may access site to make emergency repairs or to interrupt or terminate LA-RICS transmissions should Authority be unable or unwilling to respond to Owners request to take immediate action to correct deficiencies caused by Authority.
    b. Cost of corrective action will be reimbursed by LA-RICS within 30 days.
15. Radio Frequency Emissions/Interference
    a. LA-RICS will not use the site in any way which causes RF interference with the Owners operation
    b. LA-RICS will notify the Owner of any such interference with public safety systems
    c. Interference with non-public safety systems MUST be negotiated.
    d. Any measurable interference by LA-RICS equipment during an emergency required immediate shut down of LA-RICS equipment

e. LA-RICS must comply with FCC regulations re: RF interference

16. Utilities
    a. LA-RICS will install and pay for own utility services. If shared, LA-RICS will pay for its portion.
17. Hold Harmless and Indemnification
    a. LA-RIS will indemnify, defend, save and hold harmless Owner and its agents against all liability for claims against its operations
    b. Owner will indemnify LA-RICS against liability for negligence or willful misconduct by Owner
18. Insurance - LA-RICS will maintain insurance
    a. General Liability
        i. Comprehensive Liability
            1. General: $2 million
            2. Products/Completed Operations: $1 million
            3. Personal and Advertising Injury: $1 million
            4. Per occurrence: $2 million
        ii. Automobile Liability: $1 Million
    b. Workers Compensation
            1. Each Accident: $1 million
            2. Disease – policy limit: $1 million
            3. Disease – each employee: $1 million
    c. Commercial Property Insurance
        i. Causes of Loss
        ii. $250,000 deductible or 5% of property value
    d. LA-RICS Contractor will maintain Construction Insurance
        i. Builders Risk
        ii. General Liability Insurance
        iii. Automobile Liability
        iv. Professional Liability
        v. Workers Compensation and Employer's Liability Insurance
19. Failure to Procure Insurance
    a. Failure to maintain will constitute a material breach and Owner may terminate lease
    b. Use of site will not commence until LA-RICS has complied with insurance requirement
20. Taxes
    a.
    LA-RICS will pay all lawful taxes that it is otherwise not exempt from, or be in default. LA-RICS is operating in County mode and may be exempt.
    b. Owner reserves rights to pay and be repaid by Authority for those taxes Authority is not exempt from.
21. Notices
    a. Addresses of principle parties
22. LA-RICS Facility Removal

    a. Authority shall remove all facility installations and restore to original condition, except for normal wear and tear and acts of God.
    b. If Authority fails to remove within reasonable time, Owner may conduct the removal and Authority must reimburse.
23. Independent Status - No intent to create relationship between Authority and Owner
24. Amendment – Written amendments permitted with signature of Authority and Owner
25. Assignment - License may not be sold, assigned or transferred by Authority
26. Subordination and Non-Disturbance - Owner shall obtain a non-disturbance agreement from existing mortgagees
27. Condemnation - Authority may terminate license if condemnation may impact Authority's operation
28. Default - Owner must notify Authority within 60 days of default
29. Waiver – Any waiver of breach of one section will not constitute a waiver of another
30. Hazardous Materials – Both parties will comply with applicable laws re: Hazardous Materials
31. Damage or Destruction – Either party may terminate license if:
    a. Fire or other casualty, etc. such that repairs cannot be completed within 45 days or disrupt operations for more than 45 days
32. Authorization Warranty – Warrant that person executing license is authorized.
33. Independent Contractor Status – License does not create relationship of agent between Authority and Owner
34. Governing Law, Jurisdiction, and Venue – The State of California
35. Compliance with Applicable Law – Everyone must comply
36. Compliance with Civil Rights Laws, Nondiscrimination and Affirmative Action – Comply with County Standard
37. Non Exclusivity – No exclusive arrangement is created by this agreement
38. Notice of Employees regarding Federal Earned Income Credit – County Standard
39. Public Records Act – Both Authority and Owner must comply with open records act.
40. Other Terms and Conditions
    a. Advertising Materials and Signs –Authority may not post
    b. Habitation – Not Allowed
    c. Illegal Activities – Cannot knowingly be permitted
    d. Safety – Authority shall correct any unsafe condition
    e. Sanitation
    f. Security Devices – Authority must provide as required.
41. Acknowledgement of Ineligibility for Relocation Assistance – Authority disclaims status as a displaced person.
42. LA-RICS Authority's Staff and Employment Practices
    a. Authority shall designate one member of staff as Operations Manager
    b. Authority shall establish an identification system
43. Bankruptcy
    a. If Authority becomes a debtor in bankruptcy, the license shall be treated as expired.
44. Successors and Assigns – License is binding unless otherwise provisioned in agreement

45. Severability
46. Interpretation
47. Entire Agreement
48. County Specific Provisions
    a. Lobbyist
    b. Enforcement
    c. Solicitation of Consideration
    d. County's Safely Surrendered Baby Law
    e. Adherence to Owners Child Support Compliance
    f. Recycled Bond Paper

LA-RICS

LOS ANGELES REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEM AUTHORITY

2525 Corporate Place, Suite 200
Monterey Park, California 91754
(323) 881-8291

PATRICK J. MALLON
EXECUTIVE DIRECTOR

March 14, 2013

TO: LA-RICS AUTHORITY BOARD OF DIRECTORS

FROM: PATRICK J. MALLON
EXECUTIVE DIRECTOR

FCC PUBLIC NOTICE SEEKING COMMENT / T BAND

On February 11, 2013, the Federal Communications Commission (FCC) released the attached Public Notice in which it has posed over twenty-five questions covering a wide range of issues for the purpose of gathering information in order to inform the Bureaus in their recommendations to the Commission concerning when, how, and under what circumstances it is most appropriate to reallocate the T-Band and relocate T-Band. This relocation is required by Section 6103 (the Spectrum Act) of the Middle Class Tax Relief and Job Creation Act of 2012 ('Act'). The Act requires the FCC to make this spectrum available for auction in 2021.

The Public Notice is being released to determine for all users of the T-Band Spectrum:

- How many licensees of all types use T-Band?
- What is the approximate percentage split between public safety licensees and non-public safety licensees on T-Band?
- How many base station/repeaters, mobile radios, and portable radios operate on T-Band frequencies?
- What is the approximate percentage split between the types of systems that these licensees use? For example: analog/digital, conventional/trunked, voice/data. What is the average cost, age, and useful life of these systems?
- What are the main "use cases" for T-Band systems (e.g., dispatch, field communications, command-and-control) and how much system capacity do these uses require?
- Can responses to the above questions be broken down with respect to each of the T-Band urbanized areas?[1]
- What additional information regarding incumbent T-Band users, apart from that contained in the Commission's Universal Licensing System (ULS) records, should the Commission consider in its deliberations?

AGENDA ITEM 8

Specific to public safety Section 6103 requires reallocation of T-Band spectrum within nine years of enactment and "relocation of public safety entities" from the T-Band not later than two years after the completion of competitive bidding. This section further provides that the Assistant Secretary of Commerce for Communications and Information (Assistant Secretary) will "make grants in such sums as necessary to cover relocation costs for the relocation of public safety entities from the T-Band spectrum." The Bureaus is seeking comments on the following issues in connection with these provisions:

- What alternative spectrum bands are potentially available for relocation of T-Band public safety licensees? Should spectrum bands that are not currently allocated for public safety use be considered?
- What is the future feasibility of T-Band public safety licensees migrating their operations to the 700 MHz public safety broadband spectrum by becoming users of the FirstNet public safety broadband network once that network becomes operational? How much time is appropriate under Section 6103 to reallocate T-Band spectrum and relocate public safety licensees?
- How much time is appropriate under Section 6103 to reallocate T-Band spectrum and relocate public safety licensees?
- What relocation costs are T-Band licensees likely to incur to relocate out of T-Band?
- Should the Commission encourage voluntary migration by T-Band public safety licensees prior to the reallocation and relocation required by Section 6103? Are there incentives that the Commission could implement to encourage voluntary relocation?
- Are there potential incentives or requirements that would help facilitate T-Band relocation by making more efficient use of replacement spectrum or reducing relocation costs?

Comments are due May 13, 2013, and reply comments are due June 11, 2013.

The purpose of this discussion item is to address the position LA-RICS will take in its response comments to the FCC.

PJM

Attachment

PUBLIC NOTICE

Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

News Media Information 202 / 418-0500
Internet: http://www.fcc.gov
TTY: 1-888-835-5322

DA 13-187

Released: February 11, 2013

WIRELESS TELECOMMUNICATIONS BUREAU AND PUBLIC SAFETY AND HOMELAND SECURITY BUREAU SEEK COMMENT ON OPTIONS FOR 470-512 MHz (T-BAND) SPECTRUM

PS Docket No. 13-42

Comment Date: May 13, 2013
Reply Comment Date: June 11, 2013

By this Public Notice, the Wireless Telecommunications Bureau and Public Safety and Homeland Security Bureau (Bureaus) seek comment to inform the Bureaus in their recommendations to the Commission relating to its implementation of Section 6103 of the Middle Class Tax Relief and Job Creation Act of 2012 (Act) as it applies to the 470-512 MHz band (T-Band).[1] Section 6103 provides that, not later than nine years after the date of enactment, the Commission shall (1) "reallocate the spectrum in the 470-512 MHz band … currently used by public safety eligibles," and (2) "begin a system of competitive bidding under Section 309(j) of the Communications Act of 1934 (47 U.S.C. 309(j)) to grant new initial licenses for use of the spectrum."[2] It provides that "relocation of public safety entities from the T-Band Spectrum" shall be completed not later than two years after completion of the system of competitive bidding, and that proceeds from the auction of T-Band spectrum "shall be available to the Assistant Secretary [of Commerce for Communications and Information] to make grants in such sums as necessary to cover relocation costs for the relocation of public safety entities from the T-Band spectrum."[3]

On April 26, 2012, the Bureaus announced a limited suspension of the acceptance and processing of certain applications for Part 22 and Part 90 services operating in the T-Band that could alter the spectrum landscape.[4] The Bureaus took this action to stabilize the spectral environment "while the Commission considers issues surrounding future use of the T-Band, solicits input from interested parties, and works to implement the directives of the Act."[5] In a subsequent *Notice of Proposed Rulemaking*

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[1] Pub. L. No. 112-96, 126 Stat. 156 (2012).

[2] *Id*. § 6103(a).

[3] *Id.* § 6103(b), (c).

[4] Wireless Telecommunications Bureau and Public Safety and Homeland Security Bureau Suspend the Acceptance and Processing of Certain Part 22 and 90 Applications for 470-512 MHz (T-Band) Spectrum, *Public Notice*, 27 FCC Rcd 4218 (WTB/PSHSB 2012). The Bureaus issued a further clarification of the suspension on June 7, 2012. Wireless Telecommunications Bureau and Public Safety and Homeland Security Bureau Clarify Suspension of the Acceptance and Processing of Certain Part 22 and 90 Applications for 470-512 MHz (T-Band) Spectrum, *Public Notice*, 27 FCC Rcd 6087 (WTB/PSHSB 2012).

[5] *Suspension Notice* at 1-2.

regarding other aspects of the Act, the Commission stated that T-Band issues would be addressed in a forthcoming Public Notice "to advance the record on issues related to the technical, financial, administrative, legal, and policy implications of the Act for T-Band licensees."[6] This Public Notice initiates these next steps. This Public Notice does not propose any change to the current Commission rules regarding T-Band. Its purpose is to gather information in order to inform the Bureaus in their recommendations to the Commission concerning when, how, and under what circumstances it is most appropriate to reallocate the T-Band and relocate incumbent T-Band users as required by Section 6103.

We encourage commenters to present specific proposals for implementing the provisions of Section 6103, including the technical, financial, administrative, legal, and policy implications of each option. To further guide public input on these issues, we seek specific comment on the questions presented below, but also invite more general comment:

- How many licensees of all types use T-Band?
- What is the approximate percentage split between public safety licensees and non-public safety licensees on T-Band?
- How many base station/repeaters, mobile radios, and portable radios operate on T-Band frequencies?
- What is the approximate percentage split between the types of systems that these licensees use? For example: analog/digital, conventional/trunked, voice/data. What is the average cost, age, and useful life of these systems?
- What are the main "use cases" for T-Band systems (e.g., dispatch, field communications, command-and-control) and how much system capacity do these uses require?
- Can responses to the above questions be broken down with respect to each of the T-Band urbanized areas?[7]
- What additional information regarding incumbent T-Band users, apart from that contained in the Commission's Universal Licensing System (ULS) records, should the Commission consider in its deliberations?

Section 6103 requires reallocation of T-Band spectrum "currently used by public safety eligibles" within nine years of enactment and "relocation of public safety entities" from the T-Band not later than two years after the completion of competitive bidding. This section further provides that the Assistant Secretary of Commerce for Communications and Information (Assistant Secretary) will "make grants in such sums as necessary to cover relocation costs for the relocation of public safety entities from the T-Band spectrum." We seek comment on the following issues in connection with these provisions:

- What alternative spectrum bands are potentially available for relocation of T-Band public safety licensees? Could T-Band licensees relocate to other UHF-VHF spectrum bands, or to public safety spectrum in the 700 MHz or 800 MHz bands? Should spectrum bands that are not currently allocated for public safety use be considered?
- What is the future feasibility of T-Band public safety licensees migrating their operations to the 700 MHz public safety broadband spectrum by becoming users of the FirstNet public safety broadband network once that network becomes operational? Which use cases (*e.g.*,

[6] Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions, *Notice of Proposed Rulemaking*, Docket 12-268, 27 FCC Rcd 12357, 12365 ¶ 19 (2012).

[7] See 47 CFR § 90.303(b) for list of urbanized areas.

dispatch) are most easily migrated to a broadband data network? What capabilities must be developed in the FirstNet network (*e.g.*, mission-critical voice capability) in order for T-Band relocation to the network to be feasible, and how long will it take for the FirstNet network to develop these capabilities?

- How much time is appropriate under Section 6103 to reallocate T-Band spectrum and relocate public safety licensees? Should the Commission take the maximum period of years allowed under the statute for these steps? What factors should be relevant in making this assessment? If the Commission were to take these steps earlier than the statutory maximum, what would be an appropriate timeline?
- What relocation costs are T-Band licensees likely to incur to relocate out of T-Band? To what extent will relocation costs vary depending on what spectrum band is used for relocation? Recognizing that under the statute, the Assistant Secretary ultimately has the responsibility to administer the relocation grants, would it be appropriate to assume a compensation regime similar to those previously adopted by the Commission for other relocation obligations? For example, should we assume that the compensation regime would provide for recovery of all costs associated with relocation, including planning and administrative costs, or only the cost of retuning and/or replacing equipment? How should the Commission address these issues to minimize costs?
- Should we assume that the compensation regime would provide for recovery of the cost of retuning or replacing equipment acquired since the enactment of Section 6103? Or should we assume that such recovery would be conditioned on demonstrating that such acquisition has not increased the licensee's relocation costs over what they would have been otherwise? How should the Commission address these issues to minimize costs?
- Should the Commission encourage voluntary migration by T-Band public safety licensees prior to the reallocation and relocation required by Section 6103? Are there incentives that the Commission could implement to encourage voluntary relocation? Would licensees who relocate voluntarily be entitled to recover their relocation costs from T-Band auction proceeds? If so, would the delay in receiving such grants until after the auction be likely to make critical services unavailable in the interim?
- Are there potential incentives or requirements that would help facilitate T-Band relocation by making more efficient use of replacement spectrum or reducing relocation costs? For example, would consolidating adjacent T-Band public safety systems into larger regional systems enable them to use replacement spectrum more efficiently or reduce relocation costs? Are there potential costs or burdens associated with consolidation that would outweigh the potential benefits? If consolidation would facilitate implementation of Section 6103, what steps should the Commission take to encourage or require it?
- Some state and local government agencies that are public safety-eligible also use non-public safety frequencies in the T-Band for non-public safety activities. In addition, some public safety entities operate on non-public safety T-Band frequencies pursuant to waivers. Should the Commission treat these licensees as "public safety eligibles" for purposes of relocation to alternative spectrum pursuant to Section 6103(c)?

Section 6103 does not address the status of non-public safety licensees in the T-Band, nor does it require their relocation to other spectrum. We seek comment on whether the Commission should consider options for relocating non-public safety T-Band licensees in conjunction with the relocation of public safety licensees required by Section 6103.

- Should the Commission consider relocating non-public safety as well as public safety licensees out of T-Band in order to clear larger contiguous blocks of T-Band spectrum for

auction that would be likely to generate higher bids? Alternatively, should the Commission consider consolidating non-public safety licensees within a single segment of contiguous T-Band spectrum (*e.g.*, TV Channel 14 at the bottom of the band) in order to clear the remaining T-Band spectrum for auction in contiguous blocks?

- What alternative spectrum bands are potentially available for relocation of T-Band non-public safety licensees? Do T-Band non-public safety licensees require replacement narrowband spectrum or could they relocate their operations to commercial broadband spectrum, either by operating their own broadband networks or becoming customers on existing commercial broadband networks?
- A limited amount of T-Band spectrum is designated for Part 22 use, but this spectrum does not appear to be subject to the same level of use as Part 90 T-Band frequencies. Do incumbent Part 22 systems in T-Band require replacement spectrum, or is existing Part 22 spectrum outside of T-Band sufficient to accommodate these operations?
- If the Commission were to relocate non-public safety licensees from T-Band, should it use the same timetable applicable to relocation of public safety licensees or a different timetable?
- Are there potential incentives or requirements that would help facilitate T-Band relocation or consolidation by non-public safety licensees, if needed? For example, if the Commission were to consolidate all non-public safety T-Band licensees into a single T-Band segment, could the Commission expand the current T-Band geographic limitations or relax other restrictions as incentives?
- While Section 6103 does not authorize use of auction proceeds to pay for relocation of non-public safety licensees, are there other mechanisms available that would enable non-public safety licensees to recover some or all of their relocation costs?
- In light of the enactment of Section 6103, T-Band licensees have been granted a waiver of the January 1, 2013 narrowbanding deadline.[8] If, as mentioned above, the Commission consolidates non-public safety licensees into a single segment of contiguous T-Band spectrum or relocates them out of the T-Band, should the Commission require those licensees to narrowband as a condition of receiving replacement spectrum? For T-Band licensees that have not already narrowbanded, would narrowbanding on replacement spectrum be any more costly than narrowbanding on their current channels?

We seek comment on what, if any, interim actions the Commission should take with respect to T-Band incumbents prior to implementing the reallocation and relocation provisions of Section 6103:

- As noted above, the Bureaus have suspended the processing and filing of T-Band applications for new or expanded operations while the Commission considers issues surrounding future use of the T-Band. Should the Commission continue this suspension until reallocation and relocation are implemented, even if this does not occur until the maximum period of years allowed by Section 6103?
- Should the Commission consider modifying the suspension to allow certain additional types of modifications? For example, should frequency replacements be permitted within the same TV channel or within TV channels already designated in a given urbanized area for PLMR use? Should Part 22 applications for Part 22 frequencies continue to be suspended? Should the Commission process applications that were pending prior to the announcement of the suspension and are currently being held in abeyance?

[8] *See* Implementation of Sections 309(j) and 337 of the Communications Act of 1934 as Amended; Promotion of Spectrum Efficient Technologies on Certain Part 90 Frequencies, *Order*, WT Docket No. 99-87, RM-9332, 27 FCC Rcd 4213 (WTB/PSHSB/OET 2012).

- Should the Commission consider other measures to restrict changes to T-Band incumbent systems that would increase their relocation costs?

This proceeding shall be treated as a "permit-but-disclose" proceeding in accordance with the Commission's *ex parte* rules.[9] Persons making *ex parte* presentations must file a copy of any written presentation or a memorandum summarizing any oral presentation within two business days after the presentation (unless a different deadline applicable to the Sunshine period applies). Persons making oral *ex parte* presentations are reminded that memoranda summarizing the presentation must (1) list all persons attending or otherwise participating in the meeting at which the *ex parte* presentation was made, and (2) summarize all data presented and arguments made during the presentation. If the presentation consisted in whole or in part of the presentation of data or arguments already reflected in the presenter's written comments, memoranda or other filings in the proceeding, the presenter may provide citations to such data or arguments in his or her prior comments, memoranda, or other filings (specifying the relevant page and/or paragraph numbers where such data or arguments can be found) in lieu of summarizing them in the memorandum. Documents shown or given to Commission staff during *ex parte* meetings are deemed to be written *ex parte* presentations and must be filed consistent with rule 1.1206(b). In proceedings governed by rule 1.49(f) or for which the Commission has made available a method of electronic filing, written *ex parte* presentations and memoranda summarizing oral *ex parte* presentations, and all attachments thereto, must be filed through the electronic comment filing system available for that proceeding, and must be filed in their native format (*e.g.*, .doc, .xml, .ppt, searchable .pdf). Participants in this proceeding should familiarize themselves with the Commission's *ex parte* rules.

Interested parties may file comments and reply comments on or before the dates indicated on the first page of this document. Interested parties may file comments using: (1) the Commission's Electronic Comment Filing System (ECFS), or (2) by filing paper copies. *See Electronic Filing of Documents in Rulemaking Proceedings*, 63 FR 24121 (1998). **Commenters should refer to the docket number and the DA number on the front page of this Public Notice when filing comments.**

- Electronic Filers: Interested parties may file comments electronically using the Internet by accessing the ECFS*: http://fjallfoss.fcc.gov/ecfs2/*.

- Paper Filers: Parties who choose to file by paper must file an original and one copy of each filing. If more than one docket or rulemaking number appears in the caption of this proceeding, filers must submit two additional copies for each additional docket or rulemaking number.

Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

- All hand-delivered or messenger-delivered paper filings for the Commission's Secretary must be delivered to FCC Headquarters at 445 12th St., SW, Room TW-A325, Washington, DC 20554. The filing hours are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes and boxes must be disposed of before entering the building.

- Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) mus*t be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743.*

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[9] 47 C.F.R. §§ 1.1200 *et seq.*

- U.S. Postal Service first-class, Express, and Priority mail must be addressed to 445 12th Street, SW, Washington DC 20554.

People with Disabilities: To request materials in accessible formats for people with disabilities (braille, large print, electronic files, audio format), send an e-mail to fcc504@fcc.gov or call the Consumer & Governmental Affairs Bureau at 202-418-0530 (voice), 202-418-0432 (tty).

Interested parties may view documents filed in this proceeding on the Commission's Electronic Comment Filing System (ECFS) using the following steps: (1) Access ECFS at http://www.fcc.gov/cgb/ecfs. (2) In the introductory screen, click on "Search for Filings." (3) In the "Proceeding Number" box, enter the numerals in the docket number. (4) Click on the box marked "Search for Comments." A link to each document is provided in the document list. The public may inspect and copy filings and comments during regular business hours at the FCC Reference Information Center, 445 12th Street, SW, Room CY-A257, Washington, DC 20554. The public may also purchase filings and comments from the Commission's duplicating contractor, Best Copy and Printing, Inc., Portals II, 445 12th Street, SW, Room CY-B402, Washington, DC 20554, telephone 1-800-378-3160, or via e-mail to fcc@bcpiweb.com. The public may also download this Public Notice from the Commission's web site at http://www.fcc.gov/.

By the Wireless Telecommunications Bureau and the Public Safety and Homeland Security Bureau.

-FCC-

LOS ANGELES REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEM AUTHORITY

2525 Corporate Place, Suite 200
Monterey Park, California 91754
(323) 881-8291

LA-RICS

WILLIAM T FUJIOKA
CHAIR, LA-RICS BOARD OF DIRECTORS

March 14, 2013

Board of Directors
Los Angeles Regional Interoperable Communications System ("LA-RICS") Authority
(the "Authority")

Dear Directors:

APPROVE PROFESSIONAL SERVICES AGREEMENT FOR EXECUTIVE DIRECTOR

RECOMMENDED ACTIONS

It is recommended the Board approve execution of the attached Professional Services Agreement (Attachment A) between the Authority and Patrick J. Mallon, dba O'Meallain, Ltd., to provide services as the LA-RICS Executive Director. The term of this Agreement is from May 1, 2013 and shall continue for a period of two years, unless terminated earlier. The not-to-exceed amount for this Agreement is $210,600.00 per year for two (2) years.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended action is to allow the Chair of the Board to execute the proposed Agreement on behalf of the Authority's Board of Directors, with O'Meallain, Ltd., for services as the LA-RICS Executive Director.

BACKGROUND

On May 19, 2011, the Board approved execution of a Professional Services Agreement with Patrick J. Mallon for services as the LA-RICS Executive Director. The term of that Agreement will expire in May of this year. As such, a new Professional Services Agreement is needed so that Mr. Mallon may continue to serve in his current position and provide services to the Authority as its Executive Director. A summary of the pertinent terms follow below:

TERMS	CURRENT PSA	NEW PSA
Hourly Rate	$100.00 per hour	$105.30 per hour Increase of hourly rate only if County grants COLA adjustment
Not to Exceed Amount	$200,000.00 per year	$210,600.00 per year If additional hours are needed, an amendment can be executed with prior Board approval
Term	2 years	Same
Description of Services	All duties of an Executive Director	Same
Status	At-Will / Independent Contractor	Same

AGENDA ITEM 9

TERMS	CURRENT PSA	NEW PSA
Termination	At any time, without cause, 30 days written notice by either party	Authority: At any time, without cause, 30 days written notice Mallon: At any time, without cause, 120 days written notice
Insurance	GL Policy, with limits of: General Aggregate: $2 million Products/Completed Operations Aggregate: $1 million Personal and Advertising Injury: $1 million Each Occurrence: $1 million Auto Liability: $1 million Professional Liability / E&O: $1 million per claim / $2 million aggregate	Same

The attached redline Agreement illustrates changes made to the original Agreement (Attachment B).

FISCAL IMPACT/FINANCING

Invoices received through June 2013 will be paid out of the Authority's 2012/2013 operating budget and budgeted accordingly in future fiscal years. Invoices will be reimbursed upon presentation of appropriate documentation.

FACTS AND PROVISIONS/LEGAL REQUIREMENT

The Authority's counsel has reviewed the recommended action.

AGREEMENTS/CONTRACTING

On behalf of the Authority, the Chair of the Board will have authority to execute the attached contract with O' Meallain, Ltd., in accordance with the recommended action described in this letter.

Respectfully submitted,

WILLIAM T FUJIOKA
Chair

WTF

Attachments

c: Counsel to the Authority

LA-RICS

Agreement between

The Los Angeles Regional Interoperable Communications System Authority

and

Patrick J. Mallon, dba O'Meallain, Ltd., a California Corporation

May 1, 2013

AGENDA ITEM 9 - ATTACHMENT A

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AGENDA ITEM 9 - ATTACHMENT A

PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT is made and entered into as of May 1, 2013 ("Effective Date"), at Los Angeles, California, by and between the Los Angeles Regional Interoperable Communication System Authority, a California Joint Powers Authority (hereafter "Authority") and O'Meallain, Ltd. (hereafter "Consultant"), with a principal place of business in Azusa, California.

WHEREAS, the Authority requires the services of an Executive Director; and

WHEREAS, Consultant is well qualified to perform such services; and

WHEREAS, the parties desire to clarify their respective rights and obligations with regard to compensation, termination benefits, and other terms and conditions;

NOW, THEREFORE, the parties hereto agree as follows:

1.0 <u>INTERPRETATION</u>

This base document, along with Exhibit A, collectively form, and are referred to throughout and hereinafter as, the "Agreement." In reading and interpreting this Agreement, this base document and Exhibit A (Statement of Work), shall be given equal precedence.

2.0 <u>TERM</u>.

This Agreement shall become effective on May 1, 2013, and shall continue for a period of two years thereafter or until terminated as provided in Section 7 of this Agreement. As a condition of this Agreement, Consultant has completed a background investigation which is satisfactory to the County of Los Angeles Director of Personnel.

3.0 DESCRIPTION OF SERVICES.

Consultant shall perform all of the duties of an Executive Director provided by law, and such additional duties as may be assigned by the Authority.

4.0 COMPENSATION.

Consultant shall be compensated at a billed hourly rate of $105.30 per hour, for a total amount not to exceed Two Hundred Ten Thousand Six Hundred Dollars ($210,600.00) per year for two (2) years. The yearly not to exceed amount may be increased pursuant to an amendment subject to the prior approval of the Authority's Board of Directors. The contract hourly rate may be adjusted annually based on the increase or decrease in the U.S. Department of Labor, Bureau of Labor Statistics Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County Area for the most recently published percentage change for the 12-month period preceding the contract anniversary date, which shall be the effective date for any cost of living adjustment. However, any increase to Contractor shall not exceed the general salary movement granted to County of Los Angeles employees as determined by the Chief Executive Office as of each July 1 for the prior 12-month period. Furthermore, should fiscal circumstances ultimately prevent the Board of Supervisors for the County of Los Angeles from approving any increase in County employee salaries, no cost of living adjustments will be granted to Contractor.

4.2 Consultant shall be reimbursed for any reasonable travel and out of pocket expenses necessarily and actually incurred by Consultant in connection with the services performed under this Agreement, provided that such expenses are approved in writing by the Chair of the Authority. Such costs shall be billed directly on a monthly basis in the month that they are incurred and shall not be billed separate from the monthly hourly invoice. Reimbursement of travel costs shall not be included in calculation of the annual not to exceed amount. Travel costs are defined as travel: (air, rail or mileage for use of personal automobile), ground transportation,

lodging, meals, car rental, parking and toll fees and incidentals. Consultant shall furnish receipts, statement or other supporting documentation for authorized expenses upon the request of the Authority, and in compliance with the LA-RICS Travel Policy.

4.3 Consultant shall submit invoices on a monthly basis for work performed under this Agreement. Those invoices shall be paid within thirty (30) days of Authority's receipt of invoice.

5.0 AGREEMENT TO WAIVE RIGHTS TO BENEFITS.

This is an at-will, independent contractor agreement for personnel services. As such, Consultant hereby waives and foregoes the right, if any, to receive any benefits which may be given by the Authority to its employees, including, but not limited to, health benefits, vacation and sick leave benefits, profit sharing plans, such as 401(k) plans. This waiver is applicable to all non-salary benefits which might otherwise be found to accrue to the Consultant by virtue of its services to the Authority, and is effective for the entire duration of this Agreement.

6.0 CONFLICT OF INTEREST.

In addition to complying with all statutory financial disclosure and conflict of interest obligations, Consultant shall not accept employment or income or otherwise obtain a financial interest in, and shall not be financially compensated in any way to endorse or promote the products or services of, any business or vendor which contracts with the Authority.

7.0 TERMINATION.

The Authority may cancel this Agreement at any time without cause upon thirty (30) days written notice to Contractor. Contractor may cancel this Agreement at any time without cause upon one-hundred and twenty (120) days written notice to the Authority. Upon termination, the Consultant's duties and authority under this Agreement shall cease.

8.0 NOTICE CONCERNING WITHHOLDING OF TAXES.

Consultant recognizes and understands that it will receive an IRS 1099 statement and related tax statements, and will be required to report this income on its corporate tax return and to pay taxes in accordance with all provisions of applicable Federal and State law. Consultant hereby promises and agrees to indemnify the Authority for any damages or expenses, including attorney's fees, and legal expenses, incurred by the Authority as a result of Consultant's failure to make such required payments.

9.0 TASKS, DUTIES, AND SCOPE OF WORK.

9.1 Consultant agrees to devote as much time, attention, and energy as necessary to professionally perform the services set forth on Exhibit A (Statement of Work).

9.2 Consultant shall additionally perform any and all tasks and duties associated with Exhibit A (Statement of Work) including, but not limited to, work already being performed or related change orders. Consultant shall not be entitled to engage in any activities in connection with the Authority which are not expressly set forth in this Agreement.

9.3 The books and records related to Exhibit A (Statement of Work) shall be maintained by the Consultant at the Consultant's principal place of business and open to inspection by the Authority during regular working hours. Documents to which the Authority will be entitled to inspect include, but are not limited to, any and all contract documents, change orders and work authorized by Consultant or the Authority on existing or potential projects related to this Agreement.

9.4 Consultant shall be responsible to the Chair and directors of the Authority, but Consultant will not be required to follow or establish a regular or daily work schedule. Consultant shall supply all necessary equipment,

materials and supplies. Consultant may use but will not rely on the equipment or offices of the Authority for completion of tasks and duties set forth pursuant to this Agreement. Any advice given by the Authority to Consultant regarding Exhibit A (Statement of Work) shall be considered a suggestion only, not an instruction. The Authority retains the right to inspect, stop, or alter the work of Consultant to assure its conformity with this Agreement.

9.5 Consultant warrants and represents that he has complied with all Federal, State, and local laws regarding business permits, sales permits, licenses, reporting requirements, tax withholding requirements, and other legal requirements of any kind that may be required to carry out said business and the services which are to be performed as an independent contractor pursuant to this Agreement.

10.0 <u>NON-DISCLOSURE OF PROPRIETARY INFORMATION.</u>

Consultant agrees not to disclose or communicate, in any manner, either during or after the term of this Agreement, proprietary information about the Authority, and its operations. Consultant acknowledges that such proprietary information is material and confidential and that it affects the operations of the Authority. Consultant understands that any breach of this provision, or that of any other Confidentiality and Non-Disclosure Agreement, is a material breach of this Agreement. To the extent Consultant feels they need to disclose confidential information, they may do so only after obtaining written authorization from the Authority.

11.0 <u>EXPENSE ACCOUNTS.</u>

Consultant and the Authority agree to maintain separate accounts in regards to all expenses related to performing the services set forth on Exhibit A (Statement of Work). Consultant is solely responsible for payment of expenses incurred pursuant to this Agreement unless provided otherwise in writing by the Authority. Consultant agrees to execute and deliver any agreements and documents prepared by the Authority and to

do all other lawful acts required to establish document and protect such rights.

12.0 WORKS FOR HIRE.

Consultant agrees that the work set forth on Exhibit A (Statement of Work), and all tasks, duties, results, inventions and intellectual property developed or performed pursuant to this Agreement are considered "works for hire" and that the results of said work is by virtue of this Agreement assigned to the Authority and shall be the sole property of the Authority for all purposes, including, but not limited to, copyright, trademark, service mark, patent, and trade secret laws.

13.0 LEGAL COMPLIANCE.

Consultant is encouraged to treat any Authority employees, customers, clients, business partners and other affiliates with respect and responsibility. Consultant is required to comply with all laws, ethical codes and company policies, procedures, rules or regulations, including those forbidding sexual harassment, discrimination, and unfair business practices.

14.0 LICENSING AND INSURANCE.

Consultant agrees to immediately supply the Authority with proof of any licensing status required to perform the works set forth on Exhibit A (Statement of Work) pursuant to this Agreement, Workers' Compensation Coverage where required by law and General Liability Insurance, upon request of the Authority.

15.0 NOTICES.

Any notice to be given hereunder by any party to the other may be affected either by personal delivery in writing, or by mail, registered or certified, postage prepaid with return receipt requested. Mailed notices shall be addressed to the parties at the addresses below, but each party

may change their address by written notice in accordance with this paragraph:

To Authority:

Truc L. Moore
Amanda M.L. Drukker
Senior Deputy County Counsels
County of Los Angeles
648 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012-2713
(213) 974-8450 (telephone)
(213) 633-1915 (facsimile)

To Consultant:

O'Meallain Ltd.
Attention: Patrick J. Mallon
11 Turning Leaf Way
Azusa, CA 91702
(626) 334-6058 (telephone)
(626) 334-6163 (facsimile)

Notices delivered personally shall be deemed communicated as of actual receipt; mailed notices shall be deemed communicated as of five (5) days after mailing. Consultant agrees to keep the Authority current as to its business and mailing addresses, as well as telephone number and e-mail address.

16.0 <u>INDEMNIFICATION AND INSURANCE.</u>

16.1 Consultant shall indemnify, defend and hold harmless the Authority from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with the Consultant's acts and/or omissions arising from and/or relating to this Agreement, except for such loss or damage arising from the sole negligence or willful misconduct of the Authority.

16.2 Pursuant to the requirements of Section 6148 of the California Business & Professions Code, Consultant hereby warrants and represents that he presently maintains Errors & Omissions Insurance Coverage from a third-party insurer or insurance underwriter.

16.3 Consultant shall name the Authority as an additional insured on all related insurance policies including workers compensation and general liability.

16.4 Consultant shall maintain the following insurance coverage requirements:

16.4.1 Commercial General Liability insurance (providing scope of coverage equivalent to ISO policy form CG 00 01), naming the Authority and its Agents as an additional insured, with limits of not less than:

General Aggregate:	$2 million
Products/Completed Operations Aggregate:	$1 million
Personal and Advertising Injury:	$1 million
Each Occurrence:	$1 million

16.4.2 Automobile Liability insurance (providing scope of coverage equivalent to ISO policy form CA 00 01) with limits of not less than $1 million for bodily injury and property damage, in combined or equivalent split limits, for each single accident. Insurance shall cover liability arising out of Consultant's use of autos pursuant to this Agreement, including owned, leased, hired, and/or non-owned autos, as each may be applicable.

16.4.3 Professional Liability/Errors and Omissions Insurance covering Consultant's liability arising from or related to this Contract, with limits of not less than $1 million per claim and $2 million aggregate. Further, Consultant understands and agrees it shall maintain such coverage for a period of not less than three (3) years following this Agreement's expiration, termination or cancellation.

17.0 <u>CONTAINMENT OF ENTIRE AGREEMENT.</u>

This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto, except for any separately signed confidentiality, trade secret, non-compete or non-disclosure agreements to the extent that these terms are not in conflict with those set forth herein.

Upon the Effective Date of this Agreement, the May 23, 2011 Agreement between the Los Angeles Regional Interoperable Communications System Authority and Patrick J. Mallon, dba O'Meallain, Ltd, a California Corporation, shall terminate.

18.0 REPRESENTATION.

Each party to this Agreement acknowledges that no representations, inducements, promises or agreements, orally or otherwise, have been made by any party hereto, or anyone acting on behalf of any party hereto, which are not embodied herein, and that no other agreement, statement or promise not contained in this Agreement shall be valid or binding. Any modification of this Agreement shall be effective only if it is in writing, signed and dated by all parties hereto.

19.0 PARTIAL INVALIDITY.

If any provision of this Agreement is held by a court of competent jurisdiction to be invalid or void, the remaining provisions shall nevertheless continue in full force and effect without being impaired or invalidated in any way.

20.0 GOVERNING LAW AND JURISDICTION.

This Agreement shall be governed by, and construed under, the laws of the State of California. Jurisdiction and venue for all purposes shall be in the County of Los Angeles, State of California.

IN WITNESS WHEREOF, the Board of Directors of the Authority has caused this Agreement to be subscribed on its behalf by its Chair, and Consultant has signed this Agreement, which shall have the Effective Date of the day, month and year first written above.

LOS ANGELES REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEM AUTHORITY	CONSULTANT
_____	_____
William T Fujioka Chair, Authority Board of Directors	Patrick J. Mallon, dba O'Meallain, Ltd.

APPROVAL AS TO FORM:

JOHN F. KRATTLI
County Counsel

By: _____
Deputy

EXHIBIT A

STATEMENT OF WORK

The LA-RICS Executive Director is responsible for the development, coordination, integration, and continued maintenance of a regional public safety interoperable communications network. This position reports to the Joint Powers Authority Board of Directors and serves as the primary liaison for supporting interoperability between the Authority, state, federal, county and city agencies. The Executive Director independently serves as the highest level of technical and administrative review of the LA-RICS project and is responsible for the overall management of this program. Responsibilities consist of the following:

1. Direct the preparation and implementation of the LA-RICS long-range project plan to include system engineering and design, system build-out, acceptance testing, migration, and user training; monitor and evaluate accomplishments of plan objectives; and periodically update the plan.

2. Provide overall leadership and direction while managing the development and implementation of all phases of the LA-RICS project, including vendor selection, contract negotiation, project development, site development, construction and ongoing operations.

3. Oversee group managers from participating agencies tasked with various technical, operational, and administrative responsibilities.

4. Implement goals and objectives established by the Board of Directors in coordination with law enforcement, fire, and emergency medical communications needs.

5. Ensure that the Board and stakeholders are well informed of the progress and issues relating to LA-RICS; provide monthly reports to the Board regarding status of the project and accomplishments.

6. Ensure that all stakeholder needs are identified and properly addressed.

7. Provide support for meetings of the Board of Directors.

8. Negotiate and recommend approval of all contracts necessary for the operation of the Authority.

9. Serve as primary liaison with affected local, state, and federal agencies necessary for the successful implementation of LA-RICS; promote the interchange of information and data to achieve maximum system compatibility.

10. Develop strategic plans in collaboration with various agencies and community stakeholders that facilitate the implementation of the LA-RICS project.

11. Undertake ad hoc assignments from the Board as required.

LA-RICS

Agreement between

The Los Angeles Regional Interoperable Communications System Authority

and

Patrick J. Mallon, dba O'Meallain, Ltd., a California Corporation

May 1, 2013

AGENDA ITEM 9 - ATTACHMENT B

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AGENDA ITEM 9 - ATTACHMENT B

PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT is made and entered into as of May ~~23~~1, ~~2011~~2013 ("Effective Date"), at Los Angeles, California, by and between the Los Angeles Regional Interoperable Communication System Authority, a California Joint Powers Authority (hereafter "Authority") and O'Meallain, Ltd. (hereafter "Consultant"), with a principal place of business in Azusa, California.

WHEREAS, the Authority requires the services of an Executive Director; and

WHEREAS, Consultant is well qualified to perform such services; and

WHEREAS, the parties desire to clarify their respective rights and obligations with regard to compensation, termination benefits, and other terms and conditions;

NOW, THEREFORE, the parties hereto agree as follows:

1.0 INTERPRETATION

This base document, along with Exhibit A, collectively form, and are referred to throughout and hereinafter as, the "Agreement." In reading and interpreting this Agreement, this base document and Exhibit A (Statement of Work), shall be given equal precedence.

2.0 TERM.

This Agreement shall become effective on May ~~23~~1, ~~2011~~2013, and shall continue for a period of two years thereafter or until terminated as provided in Section 7 of this Agreement. As a condition of this Agreement, Consultant has completed a background investigation which is satisfactory to the County of Los Angeles Director of Personnel.

3.0 DESCRIPTION OF SERVICES.

Consultant shall perform all of the duties of an Executive Director provided by law, and such additional duties as may be assigned by the Authority.

4.0 COMPENSATION.

Consultant shall be compensated at a billed hourly rate of ~~$100.00~~ $105.30 per hour, for a total amount not to exceed ~~Two Hundred Thousand Dollars ($200,000.00)~~ Two Hundred Ten Thousand Six Hundred Dollars ($210,600.00) per year for two (2) years. The yearly not to exceed amount may be increased pursuant to an amendment subject to the prior approval of the Authority's Board of Directors. The contract hourly rate may be adjusted annually based on the increase or decrease in the U.S. Department of Labor, Bureau of Labor Statistics Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County Area for the most recently published percentage change for the 12-month period preceding the contract anniversary date, which shall be the effective date for any cost of living adjustment. However, any increase to Contractor shall not exceed the general salary movement granted to County of Los Angeles employees as determined by the Chief Executive Office as of each July 1 for the prior 12-month period. Furthermore, should fiscal circumstances ultimately prevent the Board of Supervisors for the County of Los Angeles from approving any increase in County employee salaries, no cost of living adjustments will be granted to Contractor.

~~The compensation and not-to-exceed amount for each additional one-year period after the second year, if any, may be adjusted based on the percentage of the most recent Social Security cost-of-living adjustment as shown at http:www.ssa.gov/OACT/COLA/colaseries.html as of the Agreement anniversary date, which shall be the effective date for any cost of living adjustment.~~

4.2 Consultant shall be reimbursed for any reasonable travel and out of

pocket expenses necessarily and actually incurred by Consultant in connection with the services performed under this Agreement, provided that such expenses are approved in writing by the Chair of the Authority. Such costs shall be billed directly on a monthly basis in the month that they are incurred and shall not be billed separate from the monthly hourly invoice. Reimbursement of travel costs shall not be included in calculation of the annual not to exceed amount. Travel costs are defined as travel: (air, rail or mileage for use of personal automobile), ground transportation, lodging, meals, car rental, parking and toll fees and incidentals. Consultant shall furnish receipts, statement or other supporting documentation for authorized expenses upon the request of the Authority, and in compliance with the LA-RICS Travel Policy.

4.3 Consultant shall submit invoices on a monthly basis for work performed under this Agreement. Those invoices shall be paid within thirty (30) days of Authority's receipt of invoice.

5.0 <u>AGREEMENT TO WAIVE RIGHTS TO BENEFITS.</u>

This is an at-will, independent contractor agreement for personnel services. As such, Consultant hereby waives and foregoes the right, if any, to receive any benefits which may be given by the Authority to its employees, including, but not limited to, health benefits, vacation and sick leave benefits, profit sharing plans, such as 401(k) plans. This waiver is applicable to all non-salary benefits which might otherwise be found to accrue to the Consultant by virtue of its services to the Authority, and is effective for the entire duration of this Agreement.

6.0 <u>CONFLICT OF INTEREST.</u>

In addition to complying with all statutory financial disclosure and conflict of interest obligations, Consultant shall not accept employment or income or otherwise obtain a financial interest in, and shall not be financially compensated in any way to endorse or promote the products or services of, any business or vendor which contracts with the Authority.

7.0 TERMINATION.

~~Either party~~The Authority may cancel this Agreement at any time without cause upon thirty (30) days written notice to ~~the other party~~Contractor. Contractor may cancel this Agreement at any time without cause upon one-hundred and twenty (120) days written notice to the Authority. Upon termination, the Consultant's duties and authority under this Agreement shall cease.

8.0 NOTICE CONCERNING WITHHOLDING OF TAXES.

Consultant recognizes and understands that it will receive an IRS 1099 statement and related tax statements, and will be required to report this income on its corporate tax return and to pay taxes in accordance with all provisions of applicable Federal and State law. Consultant hereby promises and agrees to indemnify the Authority for any damages or expenses, including attorney's fees, and legal expenses, incurred by the Authority as a result of Consultant's failure to make such required payments.

9.0 TASKS, DUTIES, AND SCOPE OF WORK.

9.1 Consultant agrees to devote as much time, attention, and energy as necessary to professionally perform the services set forth on Exhibit A (Statement of Work).

9.2 Consultant shall additionally perform any and all tasks and duties associated with Exhibit A (Statement of Work) including, but not limited to, work already being performed or related change orders. Consultant shall not be entitled to engage in any activities in connection with the Authority which are not expressly set forth in this Agreement.

9.3 The books and records related to Exhibit A (Statement of Work) shall be maintained by the Consultant at the Consultant's principal place of

business and open to inspection by the Authority during regular working hours. Documents to which the Authority will be entitled to inspect include, but are not limited to, any and all contract documents, change orders and work authorized by Consultant or the Authority on existing or potential projects related to this Agreement.

9.4 Consultant shall be responsible to the Chair and directors of the Authority, but Consultant will not be required to follow or establish a regular or daily work schedule. Consultant shall supply all necessary equipment, materials and supplies. Consultant may use but will not rely on the equipment or offices of the Authority for completion of tasks and duties set forth pursuant to this Agreement. Any advice given by the Authority to Consultant regarding Exhibit A (Statement of Work) shall be considered a suggestion only, not an instruction. The Authority retains the right to inspect, stop, or alter the work of Consultant to assure its conformity with this Agreement.

9.5 Consultant warrants and represents that he has complied with all Federal, State, and local laws regarding business permits, sales permits, licenses, reporting requirements, tax withholding requirements, and other legal requirements of any kind that may be required to carry out said business and the services which are to be performed as an independent contractor pursuant to this Agreement.

10.0 <u>NON-DISCLOSURE OF PROPRIETARY INFORMATION.</u>

Consultant agrees not to disclose or communicate, in any manner, either during or after the term of this Agreement, proprietary information about the Authority, and its operations. Consultant acknowledges that such proprietary information is material and confidential and that it affects the operations of the Authority. Consultant understands that any breach of this provision, or that of any other Confidentiality and Non-Disclosure Agreement, is a material breach of this Agreement. To the extent

Consultant feels they need to disclose confidential information, they may do so only after obtaining written authorization from the Authority.

11.0 EXPENSE ACCOUNTS.

Consultant and the Authority agree to maintain separate accounts in regards to all expenses related to performing the services set forth on Exhibit A (Statement of Work). Consultant is solely responsible for payment of expenses incurred pursuant to this Agreement unless provided otherwise in writing by the Authority. Consultant agrees to execute and deliver any agreements and documents prepared by the Authority and to do all other lawful acts required to establish document and protect such rights.

12.0 WORKS FOR HIRE.

Consultant agrees that the work set forth on Exhibit A (Statement of Work), and all tasks, duties, results, inventions and intellectual property developed or performed pursuant to this Agreement are considered "works for hire" and that the results of said work is by virtue of this Agreement assigned to the Authority and shall be the sole property of the Authority for all purposes, including, but not limited to, copyright, trademark, service mark, patent, and trade secret laws.

13.0 LEGAL COMPLIANCE.

Consultant is encouraged to treat any Authority employees, customers, clients, business partners and other affiliates with respect and responsibility. Consultant is required to comply with all laws, ethical codes and company policies, procedures, rules or regulations, including those forbidding sexual harassment, discrimination, and unfair business practices.

14.0 LICENSING AND INSURANCE.

Consultant agrees to immediately supply the Authority with proof of any licensing status required to perform the works set forth on Exhibit A

(Statement of Work) pursuant to this Agreement, Workers' Compensation Coverage where required by law and General Liability Insurance, upon request of the Authority.

15.0 NOTICES.

Any notice to be given hereunder by any party to the other may be affected either by personal delivery in writing, or by mail, registered or certified, postage prepaid with return receipt requested. Mailed notices shall be addressed to the parties at the addresses below, but each party may change their address by written notice in accordance with this paragraph:

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Amanda M.L. Drukker
Senior Deputy County Counsels
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16.1 ~~Consultant shall defend, indemnify, hold harmless, and insure the Authority from any and all damages, expenses, or liability resulting from or arising out of Consultant's act(s) or omission(s).~~Consultant shall indemnify, defend and hold harmless the Authority from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising

from or connected with the Consultant's acts and/or omissions arising from and/or relating to this Agreement, except for such loss or damage arising from the sole negligence or willful misconduct of the Authority.

16.2 Pursuant to the requirements of Section 6148 of the California Business & Professions Code, Consultant hereby warrants and represents that he presently maintains Errors & Omissions Insurance Coverage from a third-party insurer or insurance underwriter.

16.3 Consultant shall name the Authority as an additional insured on all related insurance policies including workers compensation and general liability.

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General Aggregate:	$2 million
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Personal and Advertising Injury:	$1 million
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16.4.3 Professional Liability/Errors and Omissions Insurance covering Consultant's liability arising from or related to this Contract, with limits of not less than $1 million per claim and $2 million aggregate. Further,

Consultant understands and agrees it shall maintain such coverage for a period of not less than three (3) years following this Agreement's expiration, termination or cancellation.

17.0 CONTAINMENT OF ENTIRE AGREEMENT.

This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto, except for any separately signed confidentiality, trade secret, non-compete or non-disclosure agreements to the extent that these terms are not in conflict with those set forth herein. Upon the Effective Date of this Agreement, the May 23, 2011 Agreement between the Los Angeles Regional Interoperable Communications System Authority and Patrick J. Mallon, dba O'Meallain, Ltd, a California Corporation, shall terminate.

18.0 REPRESENTATION.

Each party to this Agreement acknowledges that no representations, inducements, promises or agreements, orally or otherwise, have been made by any party hereto, or anyone acting on behalf of any party hereto, which are not embodied herein, and that no other agreement, statement or promise not contained in this Agreement shall be valid or binding. Any modification of this Agreement shall be effective only if it is in writing, signed and dated by all parties hereto.

19.0 PARTIAL INVALIDITY.

If any provision of this Agreement is held by a court of competent jurisdiction to be invalid or void, the remaining provisions shall nevertheless continue in full force and effect without being impaired or invalidated in any way.

20.0 GOVERNING LAW AND JURISDICTION.

This Agreement shall be governed by, and construed under, the laws of the State of California. Jurisdiction and venue for all purposes shall be in the County of Los Angeles, State of California.

IN WITNESS WHEREOF, the Board of Directors of the Authority has caused this Agreement to be subscribed on its behalf by its Chair, and Consultant has signed this Agreement, which shall have the Effective Date of the day, month and year first written above.

LOS ANGELES REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEM AUTHORITY	CONSULTANT
_____	_____
William T Fujioka Chair, Authority Board of Directors	Patrick J. Mallon, dba O'Meallain, Ltd.

APPROVAL AS TO FORM:

JOHN F. KRATTLI
County Counsel

By: _____
Deputy

EXHIBIT A

STATEMENT OF WORK

The LA-RICS Executive Director is responsible for the development, coordination, integration, and continued maintenance of a regional public safety interoperable communications network. This position reports to the Joint Powers Authority Board of Directors and serves as the primary liaison for supporting interoperability between the Authority, state, federal, county and city agencies. The Executive Director independently serves as the highest level of technical and administrative review of the LA-RICS project and is responsible for the overall management of this program. Responsibilities consist of the following:

1. Direct the preparation and implementation of the LA-RICS long-range project plan to include system engineering and design, system build-out, acceptance testing, migration, and user training; monitor and evaluate accomplishments of plan objectives; and periodically update the plan.

2. Provide overall leadership and direction while managing the development and implementation of all phases of the LA-RICS project, including vendor selection, contract negotiation, project development, site development, construction and ongoing operations.

3. Oversee group managers from participating agencies tasked with various technical, operational, and administrative responsibilities.

4. Implement goals and objectives established by the Board of Directors in coordination with law enforcement, fire, and emergency medical communications needs.

5. Ensure that the Board and stakeholders are well informed of the progress and issues relating to LA-RICS; provide monthly reports to the Board regarding status of the project and accomplishments.

6. Ensure that all stakeholder needs are identified and properly addressed.

7. Provide support for meetings of the Board of Directors.

8. Negotiate and recommend approval of all contracts necessary for the operation of the Authority.

9. Serve as primary liaison with affected local, state, and federal agencies necessary for the successful implementation of LA-RICS; promote the interchange of information and data to achieve maximum system compatibility.

10. Develop strategic plans in collaboration with various agencies and community stakeholders that facilitate the implementation of the LA-RICS project.

11. Undertake ad hoc assignments from the Board as required.

LA-RICS

LOS ANGELES REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEM AUTHORITY

2525 Corporate Place, Suite 200
Monterey Park, California 91754
(323) 881-8291

PATRICK J. MALLON
EXECUTIVE DIRECTOR

March 14, 2013

Board of Directors
Los Angeles Regional Interoperable Communications System ("LA-RICS") Authority
(the "Authority")

Dear Directors:

**SUSPEND SECTION 3.01 OF THE AUTHORITY'S BYLAWS/
EXTEND THE TERM OF AT-LARGE & ALTERNATE DIRECTORS**

RECOMMENDED ACTION

It is recommended that your Board temporarily suspend Section 3.01 of the Authority's Bylaws and extend the term of the current At-Large Director and Alternate Director seats to April 3, 2014 to allow for continued consistency in the make-up of the Authority's Board to address and complete the LMR and LTE procurements and Funding Plan related issues.

BACKGROUND

On June 2, 2011, the Board of Directors approved a motion to suspend Section 3.01 of the Authority's Bylaws for a period of one year (per Article III Section 3.01 of the Bylaws), thereby postponing the At-Large Director and Alternate Director elections.

On December 15, 2011, the Board of Directors approved a motion to set the At-Large Member Directors and Alternate Directors mail-in ballot elections for Thursday, June 7, 2012, with the caveat that the Authority's counsel would review the consistency of the Authority's Bylaws with the Joint Powers Agreement regarding which member cities may vote for the At-Large Directors and Alternate Directors.

On February 2, 2012, the Board of Directors approved a motion to vacate the election timeline established since the date selected for the election did not meet the 6-month requirement outlined in the Bylaws due to the rescheduling of the December Board meeting.

On February 27, 2012, we provided the Board of Directors with a confidential attorney-client communication from the Authority's counsel regarding the consistency of the Authority's Bylaws with the Joint Powers Agreement regarding which member cities may vote for the At-Large Directors and Alternate Directors.

On April 5, 2012, the Board of Directors approved a motion to extend the terms of the existing At-Large Directors and Alternate Directors until the new Directors and Alternates were seated.

AGENDA ITEM 10

On June 7, 2012, an item was placed on the Board's agenda to set the date for the elections of the At-Large Directors and Alternate Directors. Board Chair Fujioka asked that the item be continued because critical decisions lay ahead for the Authority and an election would be disruptive. Board Member Alexander concurred and suggested that the Board consider at the next meeting suspending the pertinent provisions of the Authority's Bylaws for a period of one year or whatever time is appropriate.

On July 11, 2012, the Board of Directors approved a motion to suspend Section 3.01 of the Authority's Bylaws until August 1, 2013, thereby suspending elections of the At-Large Directors and Alternate Directors.

To be in full compliance with the six-month requirement set forth in Section 3.01 of the Authority's Bylaws, the Board of Directors was required to announce and set at least six-months before, the date of August 1, 2013 as the Board of Directors meeting for which a mail-in ballot election of the At-Large Director and Alternate Director seats would be conducted. That did not occur at the February 7, 2013 Board meeting.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended action is to extend the term of the At-Large Directors and Alternate Directors to April 3, 2014, and suspend Section 3.01 of the Authority's Bylaws for that period of time. The Authority is in the process of completing the procurement process for the LMR System and is in the process of preparing a request for proposal for the LTE System. There will be a number of issues related to the procurement, award, and performance of the contracts for these two systems, of which it may be more beneficial to the Board of Directors to maintain the current composition of the Board. Further, the significant task of adopting a Funding Plan to pay for the construction and maintenance of these two systems will need to occur as well. The Board may find it more beneficial to maintain the current composition of the Board so that the same members who are familiar with the LMR and LTE System issues will be the same members who will work out the specifics of the Funding Plan and any issues that may arise after adoption of the Funding Plan.

FISCAL IMPACT/FINANCING

There is no fiscal impact.

FACTS AND PROVISIONS/LEGAL REQUIREMENT

Although the recommended action will have the effect of increasing the term of the At-Large Directors and Alternate Directors, the recommended action is appropriate as it is not inconsistent with the Authority's Joint Powers Agreement, as Section 2.02(h) of the Joint Powers Agreement provides that the term of each At-Large Director and Alternate Director "shall be two years, or until a successor has been appointed." Furthermore, Section 2.09 of the Authority's Joint Powers Agreement provides that your Board, by two-thirds vote, may adopt or amend the Authority's Bylaws.

The Authority's counsel has reviewed the recommended action.

AGREEMENTS/CONTRACTING

No agreements necessary.

Respectfully submitted,

PATRICK J. MALLON
EXECUTIVE DIRECTOR

PJM:soc

c: Counsel to the Authority

LA-RICS

LOS ANGELES REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEM AUTHORITY

2525 Corporate Place, Suite 200
Monterey Park, California 91754
(323) 881-8291

PATRICK J. MALLON
EXECUTIVE DIRECTOR

March 14, 2013

Board of Directors
Los Angeles Regional Interoperable Communications System ("LA-RICS") Authority
(the "Authority")

Dear Directors:

LA-RICS LIABILITY COVERAGE

RECOMMENDED ACTION

It is recommended that your Board:

1. Discuss the following liability coverage options for the LA-RICS Joint Powers Authority (JPA):
   a. Pooling of self-insured claims / losses program (Program) under the California Joint Powers Insurance Authority (CJPIA); and
   b. Insurance coverage under Commercial General Liability (CGL), Professional Liability/Errors and Omissions/Directors and Officers (D&O) & Auto Liability (AL) policies;
2. Provide direction to Authority Staff as to which option the Board would like to pursue and procure; and,
3. Delegate authority to the Executive Director to complete application(s) on behalf of the JPA to procure the selected liability coverage option, and procure the liability coverage at the limits specified by the Board with a not-to-exceed cost of $50,000 a year.

BACKGROUND

The County of Los Angeles CEO - Risk Management Branch, as well as the California Joint Powers Insurance Authority (CJPIA), have been assisting Authority staff with evaluating liability coverage options. The two types of liability coverage options available to the Authority is (a) a pooling program of self-insured claims/losses (Program) administered by the CJPIA, or (b) insurance coverage via standard CGL, D&O and AL insurance policies. Within Option B, the Board has the option of choosing between a self-insured retention (SIR) or deductibles, as further discussed below. Authority staff requests direction from the Board regarding which option the Board would like to pursue, so that Authority staff may complete applications for and secure firm quotes for the selected type of coverage. Representatives from County CEO-Risk Management and the CJPIA will be present to provide further details regarding each of these options, and answer any questions the Board may have.

Option A – CJPIA Program

The CJPIA is a California joint powers authority that administers a pooling of self-insured claims / losses Program through which certain self-insured risks of liability are administered by the CJPIA and shared by its members pursuant to a Joint Powers Agreement. The Joint Powers Agreement and Bylaws of the

AGENDA ITEM 11

CJPIA is included at Attachment A. The list of public agency members in the CJPIA who pool coverage in the Program, is included at Attachment B.

The CJPIA has estimated a cost to the Authority of $11,000 for protection limits of $15 million dollars in the Program for the Year 2012/2013 coverage period. CJPIA is in the process of determining member rates for the Year 2013/2014 coverage period, and estimates that the Authority would be invoiced an estimated amount of $11,000 for that period. If the Authority were to join mid-year, the cost would be prorated for the portion of the year that the Authority is a member. The application process to be accepted as a member of the CJPIA takes 60-90 days.

The CJPIA Program is not insurance. The CJPIA, through the Program, will pay on behalf of each member in the Program, sums incurred for defense and settlement of qualifying claims/suits and damages resulting from tort liability because of:

(i) Bodily Injury or Property Damage;
(ii) Personal Injury;
(iii) Public Officials Errors and Omissions;
(iv) Broadcast/Publication Injury;
(v) Employment Practices Injury;
(vi) Employee Benefit Administration Liability; or
(vii) Termination of City Manager's Employment Liability.

The CJPIA, at the shared expense of its members, and out of funds of the Program which are paid by its members, will investigate, negotiate, settle, or defend, at the CJPIA's sole discretion, any claim or suit which has been tendered to the CJPIA and which in the sole opinion of the CJPIA is encompassed by the Program. The CJPIA will control selection of defense counsel. The CJPIA's obligations summarized above will cease to apply after the protection limit for a member has been exhausted by any combination of payments for judgments, settlements, or defense costs, or if the CJPIA tenders the protection limit on behalf of a member. With respect to a claim/suit for which the CJPIA has determined that no portion is covered by the Program, the claim/suit will be referred back to the member for handling. The draft Memorandum of Liability Coverage, which details the specific coverages and exclusions of the Program, is included as Attachment C.

The Program does have a number of exclusions, including covering damage to property owned by a member, or property in the care, custody, or control of a member. Any coverage disputes will be handled by binding arbitration. Withdrawal from the Program also must meet certain requirements, including for notice. For example, a member who enters into the Program may not withdraw for a one-year period commencing on the effective date of its participation in the program, and thereafter, can withdraw only at the end of any protection period, provided it has given the CJPIA twelve (12) months written notice.

Option B - Insurance

The Authority also has the option of procuring insurance coverage via standard CGL, D&O and AL insurance policies, either through a Self Insured Retention (SIR) program or a standard insurance deductible policy. The Authority has the option of procuring insurance through a SIR program, where the Authority is responsible for the first $25,000 for each claim. The SIR can include estimated/anticipated budget costs incurred for either internal handling of claims, payment to an outside third party administrator, and legal defense costs. Once the Authority has spent $25,000 for each claim, it is then tendered to the insurance carrier for coverage. The estimated premiums for a single limit liability

package with GL, AL, POL (excluding Employee Benefits Liability and Employment Practices Liability) for the following limits, is set forth below:

i. $2M/$2M in excess of a $25,000 SIR = Estimated premium of $100,000/year;
ii. $5M/$5M in excess of a $25,000 SIR = Estimated premium of $150,000/year; or
iii. $10M/$10M in excess of a $25,000 SIR = Estimated premium of $175,000/year

The premiums listed above are only estimates, are subject to change, and may be high. Given that the Authority has not prepared applications for insurance or submitted information about its lost history (it does not have a lost history), it would take 45-90 days at a minimum with complete information provided by the Authority, to receive a binding insurance quote.

The Authority also has the option of procuring insurance via a Standard Insurance Deductible Policy. The deductible applies only to D&O coverage, and can be set at $10,000, $15,000, $25,000, or $50,000. No deductible would apply to the CGL or AL policies. The estimated premiums for a standard insurance deductible policy in the following limits, is:

i. $1M occurrence/$1M aggregate: Estimated minimum premium of $50,000;
ii. $1M occurrence/$3M aggregate: Estimated minimum premium of $75,000; or
iii. $1M occurrence/$5m aggregate: Estimated minimum premium of $100,000.

Again, the premiums listed above are only estimates, are subject to change, and may be high. It would take 45-90 days at a minimum with complete information provided by the Authority, to receive a binding insurance quote.

FISCAL IMPACT/FINANCING

Option A: Application cost and membership balance remaining will be paid out of the Authority's 2012/2013 operating budget, Services and Supplies, with membership fees brought before your Board for consideration and budgeted accordingly in subsequent fiscal years.

Option B: Policy cost will be paid out of the Authority's 2012/2013 operating budget, Services and Supplies, with renewal fees brought before your Board for consideration and budgeted accordingly in subsequent fiscal years

FACTS AND PROVISIONS/LEGAL REQUIREMENT

The Authority's counsel has reviewed the recommended actions.

Respectfully submitted,

PATRICK J. MALLON
EXECUTIVE DIRECTOR

PJM:soc

c: Counsel to the Authority

Joint Powers Agreement

California Joint Powers Insurance Authority
Adopted August 12, 2011

INTEGRITY

EXCELLENCE

INNOVATION

TEAMWORK

CALIFORNIA
J · P · I · A

Providing Innovative Risk Management Solutions to Public Agency Partners

AGENDA ITEM 11 - ATTACHMENT A

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AGENDA ITEM 11 - ATTACHMENT A

JOINT POWERS AGREEMENT

CREATING THE CALIFORNIA
JOINT POWERS INSURANCE AUTHORITY

THIS AGREEMENT is made and entered into by and among the public entities organized and existing under the Constitution or laws of the State of California, hereinafter collectively referred to as "Members" and individually as "Member" which are parties signatory to this Agreement. Said Members are sometimes referred to herein as "parties."

RECITALS:

WHEREAS, California Government Code Section 6500 et seq. provides that two or more public agencies may by agreement jointly exercise any power common to the contracting parties; and

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

WHEREAS, California Government Code Section 990.8 provides that two or more local public entities may, by a joint powers agreement, provide insurance for any purpose by any one or more of the methods specified in Government Code Section 990.4; and

WHEREAS, each of the parties to this Agreement desires to join together with the other parties for the purpose of pooling their self-insured losses and jointly purchasing excess insurance and administrative services in connection with one or more joint protection programs for said parties; and

WHEREAS, it appears economically feasible and practical for the parties to this Agreement to do so;

NOW, THEREFORE, for and in consideration of all of the mutual benefits, covenants and agreements contained herein, the parties hereto agree as follows:

ARTICLE 1 - DEFINITIONS

The following definitions shall apply to the provisions of this Agreement:

(a) "Advisory Committee" shall mean the Managers Committee, Finance Officers Committee, and any other committee created by the Board of Directors or Executive Committee for the purpose of providing specialized advice to the Board of Directors or Executive Committee on the subject matter brought before it.

(b) "Authority" shall mean the California Joint Powers Insurance Authority created by this Agreement.

(c) "Board of Directors" or "Board" shall mean the governing body of the Authority.

(d) "Chief Executive Officer" shall mean that employee of the Authority who is appointed by the Executive Committee, and is granted authority and responsibility for the management and administration of the Authority and its joint protection programs.

(e) "Claims" shall mean demands made against the Authority, a Member, or Members arising out of occurrences, which are within an Authority joint protection program as developed by the Executive Committee.

(f) "Deposit" shall mean an annual dollar amount determined by the Executive Committee, which is to be paid by the Member as its established share of funding required to cover the financial obligations of each joint protection program in which the member participates.

(g) "Director" shall mean that person selected by and from the legislative body of each Member to represent the Member on the Board of Directors pursuant to Article 7 of this Agreement.

(h) "Executive Committee" shall mean the Executive Committee of the Board of Directors of the Authority.

(i) "Finance Officers Committee" shall mean the committee of the Authority composed of the Finance Directors or chief finance officers of the Members by whatever title locally designated.

(j) "Fiscal Year" shall mean that period of twelve months which is established as the fiscal year of the Authority.

(k) "Insurance" shall mean and include self-pooled insurance through a funded program and/or any commercial insurance, excess insurance, or re-insurance contract purchased

on behalf of the Authority to protect the funds of the Authority against catastrophes or an unusual frequency of losses during a specific coverage period.

(l) "Managers Committee" shall mean the committee of the Authority composed of the City Managers, City Administrators, or chief executive officers of the Members by whatever title locally designated.

(m) "Secretary" shall mean the person selected by the Executive Committee from among its members to serve as Secretary of the Authority.

(n) "Treasurer" shall mean the person selected by the Executive Committee to serve as Treasurer of the Authority.

ARTICLE 2 - PURPOSES

This agreement is entered into by the Members pursuant to the provisions of California Government Code Sections 990, 990.4, 990.8, and 6500 et seq. in order to provide more comprehensive and economical protection from financial loss, to reduce the amount and frequency of their losses, and to decrease the cost incurred in the handling and litigation of claims. This purpose shall be accomplished through the exercise of the powers of the Members jointly in the creation of a separate entity, the California Joint Powers Insurance Authority (the Authority), to administer joint protection programs wherein Members will pool their losses and claims, jointly purchase insurance and administrative and other services, including claims adjusting, data processing, risk management consulting, loss prevention, training, legal, and related services.

It is also the purpose of this Agreement to provide, to the extent permitted by law, for the inclusion at a subsequent date of such additional public entities organized and existing under the Constitution or laws of the State of California as may desire to become parties to this Agreement.

ARTICLE 3 - PARTIES TO AGREEMENT

Each party to this Agreement certifies that it intends to and does contract with all other parties who are signatories of this Agreement and, in addition, with such other parties as may later be added as parties to and signatories of this Agreement pursuant to Article 22. Each party to this Agreement also certifies that the deletion of any party from this Agreement, pursuant to

Articles 24, 26, 27, or 28 shall not affect this Agreement nor such party's intent to contract as described above with the other parties to the Agreement then remaining.

ARTICLE 4 - TERM OF AGREEMENT

This Agreement became effective on June 29, 1977 and shall continue until and unless terminated as hereinafter provided.

ARTICLE 5 - CREATION OF AUTHORITY

Pursuant to Section 6500 et seq. of the California Government Code, there is hereby created a public entity separate and apart from the parties hereto, to be known as the California Joint Powers Insurance Authority . Pursuant to Government Code Section 6508.1, the debts, liabilities and obligations of the Authority shall not constitute debts, liabilities or obligations of any party to this Agreement.

ARTICLE 6 - POWERS OF AUTHORITY

(a) The Authority shall have the powers common to its Members and is hereby authorized to do all acts necessary for the exercise of said common powers, including, but not limited to, any or all of the following:

1. To make and enter into contracts;
2. To incur debts, liabilities or obligations;
3. To acquire, hold or dispose of property, contributions and donations of property, funds, services and other forms of assistance from persons, firms, corporations and governmental entities;
4. To sue and be sued in its own name; and
5. To exercise all powers necessary and proper to carry out the terms and provisions of this Agreement, or otherwise authorized by law.

(b) Said powers shall be exercised pursuant to the terms hereof and in the manner provided by law and are subject to the restrictions upon the manner of exercising the powers of the City of Lakewood.

ARTICLE 7 - BOARD OF DIRECTORS

(a) The Authority shall be governed by the Board of Directors which is hereby established and which shall be composed of one representative Director from each Member, who shall be selected from the legislative body of that Member by the process chosen by the Member.

(b) Each legislative body, in addition to appointing its Director of the Board, shall appoint at least one alternate who shall be an officer or employee of the Member. The alternate shall have the authority to attend, participate in, and vote at any meeting of the Board when the regular Director for whom he or she is an alternate is absent from said meeting.

ARTICLE 8 - POWERS OF THE BOARD OF DIRECTORS

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

(a) The Board shall elect from its members pursuant to Article 10 of this Agreement an Executive Committee to which it may give authority to make and implement any decisions, including those involving the administration of the Authority, except those decisions that would require an amendment of this Agreement, under Article 34 herein.

(b) The Board may review all acts of the Executive Committee, including development of the memoranda of coverage and the operating budget, and shall have the power to modify and/or override any decision or action of the Executive Committee upon a majority vote of a quorum of the Board of Directors.

(c) The Board shall receive and review periodic accountings of all funds under Articles 18 and 19 of this Agreement.

(d) The Board shall have the power to conduct on behalf of the Authority all business of the Authority, including that assigned to the Executive Committee, which the Authority may conduct under the provisions hereof and pursuant to law.

(e) The Board shall have such other powers and functions as are provided for in this Agreement.

(f) The Board shall not have the power to overturn the decisions of the Claims Committee in regard to the settlement of claims.

ARTICLE 9 - MEETINGS OF THE BOARD OF DIRECTORS

(a) Meetings. The Board shall provide for its regular, adjourned regular and special meetings; provided, however, that it shall hold at least one regular meeting annually at a time and place determined by the Executive Committee.

(b) Minutes. The Secretary of the Authority shall cause minutes of regular, adjourned regular and special meetings to be kept and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to each member of the Board.

(c) Quorum. A majority of the Directors of the Board shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn from time to time. A vote of the majority of those Directors present at a meeting shall be sufficient to constitute action by the Board.

(d) Compliance with the Brown Act. All meetings of the Board, including, without limitation, regular, adjourned regular and special meetings, shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act, California Government Code Section 54950 et seq.

ARTICLE 10 - EXECUTIVE COMMITTEE

There shall be an Executive Committee of the Board of Directors which shall consist of nine (9) members, exclusive of any current Past President Ex Officio Executive Committee Member. Two of the members of the Executive Committee shall be the President and Vice President of the Board of Directors. The other members of the Executive Committee shall be elected by the Board of Directors at the Annual Meeting for the terms provided in the Bylaws. The President of the Authority, or the Vice President in his or her absence, shall serve as the Chairperson of the Executive Committee.

ARTICLE 11 - POWERS OF THE EXECUTIVE COMMITTEE

The Executive Committee of the Board of Directors shall have the following powers:

(a) The Executive Committee shall determine and select joint protection programs for the Authority including adoption of language of the Memoranda of Coverage and any limitations or endorsements to such Memoranda.

(b) The Executive Committee shall determine and select all insurance necessary to carry out the joint protection programs of Authority.

(c) The Executive Committee shall have the authority to approve membership in the Authority and Member participation in one or more joint protection programs in accordance with Articles 22 and 23.

(d) The Executive Committee shall have the authority to cancel Member participation in one or more joint protection programs in accordance with Articles 26 and 28.

(e) The Executive Committee shall adopt the operating budget of the Authority.

(f) The Executive Committee shall have authority to contract for or develop various services for the Authority, including, but not limited to, claims adjusting, loss control, and risk management consulting services.

(g) The Executive Committee shall receive and act upon reports of the Advisory Committees and the Chief Executive Officer.

(h) The Executive Committee shall appoint the Treasurer and Chief Executive Officer of the Authority.

(i) The Executive Committee shall have the power to hire such persons as the Executive Committee deems necessary for the administration of the Authority.

(j) The Executive Committee shall have the general supervisory and policy control over the day-to-day decisions and administrative activities of the Chief Executive Officer of the Authority.

(k) The Executive Committee shall have such other powers and functions as are provided for in this Agreement or as delegated by the Board of Directors, including the power to create committees it deems necessary.

ARTICLE 12 - MEETINGS OF THE EXECUTIVE COMMITTEE

The meetings of the Executive Committee shall be held and conducted in the same manner as the meetings of the Board of Directors, provided for in Article 9 of this Agreement. In addition, the Committee shall make periodic reports to the Board of Directors, advising the Board of its decisions and activities concerning the implementation of the joint protection programs of the Authority.

ARTICLE 13 - CLAIMS COMMITTEE

The Executive Committee members, together with the Chairs of the Managers Committee and the Finance Officers Committee, shall sit as the Claims Committee of the Authority. The Claims Committee shall have authority to make all determinations regarding defense, indemnity, and settlement of claims under the Memoranda of Coverage. Decisions of the Claims Committee regarding settlement of claims shall be final and not subject to further review. Decisions regarding coverage for defense or indemnity of claims shall be final, but subject to the Member's appeal rights as detailed in the applicable Memorandum of Coverage.

ARTICLE 14 - OFFICERS OF THE AUTHORITY

(a) President and Vice President. The Board shall elect a President and Vice President of the Authority, each to hold office for a two-year term, except as hereinafter provided, and until a successor is elected. The election of the President and Vice President shall be on alternate years. In the event the President or Vice President so elected ceases to be a member of the Board, or for other reasons is unable to serve, the resulting vacancy in the office of President or Vice President shall be filled at the next meeting of the Board held after such vacancy occurs. In the absence or inability of the President to act, the Vice President shall act as President. The immediate Past President shall serve as an ex officio, non-voting member of the Executive Committee for a term of two years, and as long as he or she remains a member of the Board of Directors.

(b) Chief Executive Officer. The Chief Executive Officer shall be authorized and responsible for the overall management and administration of the Authority and its joint protection programs and shall select and appoint all employees.

(c) Secretary. The Secretary shall be responsible for all minutes, notices and records of the Authority and shall perform such other duties as may be assigned by the Executive Committee.

(d) Treasurer. The duties of the Treasurer are set forth in Articles 18 and 19 of this Agreement.

(e) Attorney. The Executive Committee shall select an attorney for the Authority. The attorney shall serve at the pleasure of the Executive Committee.

(f) The Executive Committee shall have the power to appoint such other officers as may be necessary in order to carry out the purposes of this Agreement.

ARTICLE 15 - ADVISORY COMMITTEES

The Board of Directors or Executive Committee may establish Advisory Committees as deemed necessary. Such Committees shall meet from time to time as deemed necessary by them, and shall make recommendations to the Executive Committee based upon their expertise.

ARTICLE 16 - COVERAGE

(a) The coverage provided for Members through the Authority's joint protection programs may include protection for Personal Injury, Errors and Omissions, Contractual and Comprehensive Liability, Workers' Compensation and such other areas of coverage as the Executive Committee may determine. Such coverage may be through insurance as defined in Article 1.

(b) The Authority shall maintain limits of coverage for Members determined by the Executive Committee to be adequate. The Executive Committee may arrange for a group policy to be issued for Members interested in obtaining additional coverage above the limits of coverage at an additional cost to those participating Members.

(c) The Executive Committee shall arrange for the purchase of insurance it deems necessary to protect the funds of the Authority against catastrophes. The Executive Committee shall have the authority to discontinue purchase of this insurance, if at a future time the Executive Committee determines that it is no longer needed to protect the Authority's funds.

ARTICLE 17 - DEVELOPMENT OF THE JOINT PROTECTION PROGRAMS

(a) The joint protection programs provided by the Authority shall extend to agencies or authorities as determined in the Memoranda of Coverage.

(b) The cost allocation formula for each joint protection program shall be adopted by the Executive Committee.

(c) The deposit for each Member's participation in a joint protection program shall be determined by the Executive Committee.

(d) The cost allocation formula adopted by the Executive Committee for each joint protection program may provide for retrospective deposit adjustments, and each Member shall pay any additional deposit required by such retrospective adjustment.

(e) The Executive Committee may provide for payment of a portion of such deposits to be made over a period of time on terms set by the Executive Committee.

(f) The Executive Committee may expand the Authority's offerings of joint protection programs to make available for Members' protection in addition to that which is provided for in this Agreement.

(g) Deposits held by the Authority for each joint protection program shall be accounted for separately, so that only Members participating in the program will share in pooled losses and expenses of that program. This separate accounting shall not prohibit the Authority from commingling deposits for purposes of investment, nor from paying losses or expenses when due from all available funds.

ARTICLE 18 - ACCOUNTS AND RECORDS

(a) Budget. The Authority shall adopt an operating budget, pursuant to Article 11(e) of this Agreement.

(b) Funds and Accounts. The Treasurer of the Authority shall establish and maintain such funds and accounts as may be required by good accounting practice or by the Executive Committee. Books and records of the Authority in the hands of the Treasurer shall be open to any inspection at all reasonable times by representatives of a Member.

(c) Treasurer's Report. The Treasurer, within 270 days after the close of each fiscal year, shall give a complete written report of all financial activities for such fiscal year to the Board and to each Member.

(d) Annual Audit. The Executive Committee shall provide for a certified, annual audit of the accounts and records of the Authority which audit shall conform to generally accepted auditing standards. When such an audit of the accounts and records is made by a Certified Public Accountant, a report thereof shall be filed as a public record with each of the Members. Such report shall be filed within nine months of the end of the year under examination.

(e) Costs. Any costs of the audit, including contracts with, or employment of, Certified Public Accountants, in making an audit pursuant to this Article, shall be borne by the Authority and shall be considered included within the term "administrative costs."

ARTICLE 19 - RESPONSIBILITY FOR MONIES

(a) The Treasurer of the Authority shall have the custody of and disburse the Authority's funds. He or she shall have the authority to delegate the signatory function of Treasurer to such persons as are authorized by the Executive Committee.

(b) A bond in the amount determined by the Executive Committee to be adequate shall be required of all officers and personnel authorized to disburse funds of the Authority, such bond to be paid for by the Authority.

(c) The Treasurer of the Authority shall perform the duties described in California Government Code Sections 6505.5 and 6505.6 pertaining to the receipt, safekeeping, payment, and reporting of Authority funds.

ARTICLE 20 - RESPONSIBILITIES OF THE AUTHORITY

The Authority shall perform the following functions in discharging its responsibilities under this Agreement:

(a) Provide loss protection as necessary, through various means including but not limited to insurance or other financial risk transfer, by negotiation or bid and purchase.

(b) Assist Members in obtaining coverage for risks not included within the joint protection programs of the Authority.

(c) Assist each Member’s assigned risk manager with the implementation of that function within the Member.

(d) Provide loss prevention and safety and consulting services to Members as required.

(e) Provide claims adjusting and subrogation services for claims covered by the Authority's joint protection programs.

(f) Provide loss control and analysis by the use of statistical analysis, data processing, and record and file keeping services, in order to identify high exposure operations and to evaluate proper levels of self-retention and deductibles.

(g) Provide contract review when requested by Members to determine sufficiency of indemnity and insurance provisions.

(h) Conduct risk management evaluations of each Member to encourage implementation of best risk management practices.

(i) The Authority shall have standing and shall pursue recovery in its own name or in the name of a Member for losses covered by a joint protection program. Such recovery may be through subrogation, cross complaint, or salvage, as appropriate.

(j) The Authority shall have such other responsibilities as deemed necessary by the Board of Directors or Executive Committee in order to carry out the purposes of this Agreement.

ARTICLE 21 - RESPONSIBILITIES OF MEMBERS

Members shall have the following responsibilities:

(a) The legislative body of each Member shall appoint a representative and at least one alternate representative to the Board of Directors, pursuant to Article 7 of this Agreement.

(b) Each Member shall appoint an employee to be responsible for the risk management function of that Member, and to serve as a liaison between the Member and the Authority as to risk management.

(c) Each Member shall maintain an active safety officer and/or committee, and shall consider all recommendations of the Authority concerning unsafe practices or exposures.

(d) Each Member shall pay its deposit and any readjusted amount promptly to the Authority when due. After withdrawal or termination, each Member shall pay promptly to the Authority its share of any additional deposit, when and if required of it by the Executive Committee under Articles 24, 25, 26, 27, and 28 of this Agreement.

(e) Each Member shall report all claims to the Authority in accordance with the policies and procedures governing the joint protection program to which the claim applies.

(f) Each Member shall provide the Authority with such other information or assistance as may be necessary for the Authority to carry out the joint protection programs under this Agreement.

(g) Each Member shall cooperate with and assist the Authority in the pursuit of recoveries for losses covered by a joint protection program, including assigning its right to

recover subrogated amounts, and if necessary, executing a written agreement to effect such assignment.

(h) Each Member shall in any and all ways cooperate with and assist the Authority, and any insurer of a joint protection program, in all matters relating to this Agreement and covered losses, and will comply with all bylaws, rules and regulations adopted by the Board of Directors and Executive Committee.

(i) Each Member shall actively participate in the Authority's Risk Management Evaluation and Loss Control Action Plan (LossCAP) programs.

ARTICLE 22 - NEW MEMBERS

The Authority shall allow entry of new Members approved by the Executive Committee. Executive Committee approval for new Members shall be according to the following procedure: (1) investigation of each potential member by Authority staff and preparation of a report; (2) review of the report by the Underwriting Committee, which shall then be forwarded to all Directors for review and comment; (3) review by the Directors and submittal of comments to the Chief Executive Officer during the comment period; (4) approval by a two-thirds vote of the Executive Committee; (5) Membership is effective immediately upon approval by the Executive Committee and execution of an agreement by the new Member to join the Authority.

A Member entering under this Article may be required to pay its share of organization expenses as determined by the Executive Committee including those necessary to analyze their loss data and determine their deposits.

Should the Board of Directors rescind the membership approval made by the Executive Committee pursuant to Article 8(b), the Member shall be given at least ninety days advance notice of the effective date of termination of Membership, and the Member shall be treated as if it had withdrawn on the effective date, and shall have the same responsibilities as if the Member had voluntarily withdrawn on the effective date.

ARTICLE 23 - PROGRAM PARTICIPATION

The Authority shall allow for the participation of Members in the joint protection programs as approved by the Executive Committee. Executive Committee approval for new Members shall be according to the following procedure: (1) investigation of a potential

participant by Authority staff and preparation of a report; (2) consideration of the report by the Underwriting Committee with a recommendation to the Executive Committee, (3) approval by a two-thirds vote of the Executive Committee; (4) program participation is effective immediately upon approval by the Executive Committee and execution of appropriate resolutions and/or other documents by the new participant allowing participation in the joint protection program.

A Member entering into a joint protection program may be required to pay its share of program development expenses as determined by the Executive Committee including those necessary to analyze their loss data and determine their deposits.

Should the Board of Directors rescind the program participation approval made by the Executive Committee pursuant to Article 8(b), the Member shall be given at least ninety days advance notice of the effective date of termination of program participation, and the Member shall be treated as if it had withdrawn on the effective date, and shall have the same responsibilities as if the Member had voluntarily withdrawn on the effective date.

ARTICLE 24 - WITHDRAWAL

(a) A Member which enters into this Agreement may not withdraw as a party to this Agreement and as a Member of the Authority for a one-year period commencing on the effective date of its membership.

(b) A Member which enters into a joint protection program may not withdraw as a participant in that program for a one-year period commencing on the effective date of its participation in the joint protection program.

(c) After the initial one-year non-cancellable commitment to membership in the Authority or participation in a joint protection program, a Member may withdraw only at the end of any protection period, provided it has given the Authority a twelve-month written notice of its intent to withdraw from this Agreement and/or any joint protection programs in which it participates.

ARTICLE 25 - EFFECT OF WITHDRAWAL

(a) The withdrawal of any Member from this Agreement shall not terminate the Agreement, and no Member by withdrawing shall be entitled to payment or return of any

deposits, consideration or property paid, or donated by the Member to the Authority, or to any distribution of assets.

(b) The withdrawal of any Member from participation in a joint protection program shall not terminate the Member's responsibility to contribute its share of deposits or funds to the program until all claims, or other unpaid liabilities, covering the period the Member was signatory hereto have been finally resolved and a determination of the final amount of payments due from the Member or credits to the Member for the period of its participation has been made by the Executive Committee. In connection with this determination, the Executive Committee may exercise similar powers to those provided for in the Article 30(c) of this Agreement.

ARTICLE 26 - CANCELLATION OF PROGRAM PARTICIPATION

The Executive Committee shall have the right to cancel any Member's participation in one or more joint protection programs upon the recommendation of the Chief Executive Officer and in accordance with the Healthy Members Practices and Procedures protocol. Any Member so cancelled shall on the effective date of the cancellation be treated the same and shall have the same responsibilities as if the Member had voluntarily withdrawn from the joint protection program.

ARTICLE 27 - CANCELLATION OF MEMBERSHIP

The Board of Directors shall have the right to cancel the membership of any Member based upon a three-fourths vote of the entire Board of Directors. Any Member so cancelled shall on the effective date of the cancellation be treated the same as if the Member had voluntarily withdrawn from membership, and said Member shall have the same responsibilities. Cancellation, as specified above, shall be within the sole discretion of the Board of Directors and may occur with or without cause, and the Board's discretion shall not be subject to any further review or appeal.

ARTICLE 28 - CANCELLATION FOR NON-PAYMENT

In the absence of a payment plan as authorized in Article 17(e), any Member's participation in a joint protection program may be cancelled automatically in the event of a failure of the Member to pay any deposit amount as required in this Agreement. Should any

deposit amount remain unpaid more than thirty (30) days after receipt of notice by the Member, the Authority will send a notice advising the Member that it is in default under the terms of this Agreement, and that the Member's participation will be cancelled within thirty (30) additional days unless full payment is received. Failure to make full payment as required in the notice of default shall be considered a withdrawal by the Member from the program effective on the date of cancellation specified in the notice of default; and no coverage shall apply to any claims submitted subsequent to the effective date of cancellation that arise from occurrences taking place during the current program year. A Member cancelled for non-payment shall remain liable for a prorated share of the current year's deposits and for all readjusted or retrospective deposit amounts through the date of cancellation and attributable to prior years of coverage in which it participated.

ARTICLE 29 - ATTORNEY FEES AND COSTS OF COLLECTION

Should any Member or former Member fail to pay any deposit, readjusted deposit, or retrospective deposit when due, the Member shall also be liable to the Authority for attorney fees and costs incurred by the Authority in pursuing collection of such sums.

ARTICLE 30 - TERMINATION AND DISTRIBUTION

(a) This Agreement may be terminated by the written consent of three-fourths of the Members; provided, however, that this Agreement and the Authority shall continue to exist for the purpose of disposing of all claims, distribution of assets and all other functions necessary to wind up the affairs of the Authority.

(b) Upon termination of this Agreement, all assets of the Authority shall be distributed only among the parties that have been Members of a joint protection program, including any of those parties which previously withdrew pursuant to Article 24 of this Agreement, in accordance with and proportionate to their cash (including deposits) payments and property (at market value when received) contributions made reduced by their share of losses and expenses paid during the term of this Agreement. The Executive Committee shall determine such distribution within six months after the last pending claim or loss covered by this Agreement has been finally disposed of.

(c) The Executive Committee is vested with all powers of the Authority for the purpose of winding up and dissolving the business affairs of the Authority. These powers shall include the power to require Members, including those which were Members at the time a claim arose or at the time a loss was incurred, to pay their share of any additional amount of deposit deemed necessary by the Executive Committee for final disposition of all claims and losses covered by this Agreement. A Member's share of such additional deposits shall be determined on the same basis as that provided for annual deposits in Article 17 of this Agreement, and shall be treated as if it were the next year's annual deposit for that Member.

(d) In the absence of an Executive Committee, the Secretary shall exercise all powers and authority under this Article. The decision of the Executive Committee or Secretary under this Article shall be final.

ARTICLE 31 - PROVISION FOR BYLAWS

The Board shall cause to be developed Authority Bylaws. Each Member shall receive a copy of any Bylaws developed under this Article.

ARTICLE 32 - NOTICES

Notices to Members hereunder shall be sufficient if delivered to the administrative office of the respective Member. Delivery may be by U.S. Mail, email or other form of notice acceptable under the Ralph M. Brown Act.

ARTICLE 33 – PROVISION FOR MAILED BALLOTS

Unless specifically prohibited elsewhere within this Agreement or the Bylaws, all actions contemplated by the Board of Directors may be voted on by mailed ballot as defined in the Bylaws. This shall not include the election of officers or members of the Executive Committee. Actions taken by mailed ballot shall require the same percentage of votes cast by the entire Board of Directors as the percentage that would be required of a quorum voting on an item at a Board of Directors meeting.

ARTICLE 34 - AMENDMENT

With the exception of Article 27, this agreement may be amended by a two-thirds vote of the Directors present at a duly held Board of Directors meeting, or by a two-thirds vote of the

entire Board of Directors for an amendment placed before the Membership by mailed ballot. Amendment to Article 27 shall require a three-fourths vote of the entire Board of Directors, whether at a meeting or by mailed ballot.

ARTICLE 35 - PROHIBITION AGAINST ASSIGNMENT

With the exception of Article 21 (g), no Member may assign any right, claim or interest it may have under this Agreement, and no creditor, assignee or third party beneficiary of any Member shall have any right, claim or title to any part, share, interest, fund, deposit or asset of the Authority.

ARTICLE 36 - AGREEMENT COMPLETE

The foregoing constitutes the full and complete Agreement of the parties. There are no oral understandings or agreements not set forth in writing herein.

IN WITNESS WHEREOF, the parties hereto have first executed this Agreement by authorized officials thereof on the date indicated below.

Date: _____

MEMBER: _____

By: _____

Bylaws

California Joint Powers Insurance Authority
Adopted July 21, 2010

INTEGRITY

EXCELLENCE

INNOVATION

TEAMWORK

CALIFORNIA
J · P · I · A

Providing Innovative Risk Management Solutions to Public Agency Partners

AGENDA ITEM 11 - ATTACHMENT A

BYLAWS

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BYLAWS

FOR THE REGULATION, EXCEPT AS OTHERWISE PROVIDED BY STATUTE, OR THE AGREEMENT CREATING THE AUTHORITY, OF THE CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

ARTICLE I – OFFICES

Section 1. Principal Executive Office.

The principal executive office for the transaction of the business of the Authority is hereby fixed and located at 8081 Moody Street, La Palma, California 90623. The Executive Committee of the Authority shall have the authority to change the location of the principal executive office from time to time. Any such change shall be noted on the Bylaws by the Secretary, opposite this section, or this section may be amended to state the new location.

Section 2. Other Offices.

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

ARTICLE II - BOARD OF DIRECTORS

Section 1. Composition and Selection.

The Board of Directors shall be composed of one Director from each Member of the Authority, who shall be a member of and selected by the legislative body of that Member, as provided for in the Agreement creating the Authority. Each legislative body shall also appoint at least one alternate, who shall be an officer or employee of that Member. The alternate may attend meetings and vote in the absence of the Director. One person may be duly appointed by more than one Member as the Director representing those Members. "Absence," as the term is used in this section, includes "vacancy" as defined in Section 2 of this Article II. “Director” as the term is used in these Bylaws includes an “alternate” serving in the absence of the Director.

If a Member's membership in the Authority is terminated for whatever reason and by whatever method, that Member shall no longer have a representative on the Board of Directors, Executive Committee, or any other Committee of the Authority.

Section 2. Vacancies.

A vacancy or vacancies on the Board of Directors shall be deemed to exist in case of death, resignation, expiration of term, removal by the Member that made the appointment, or when the Director ceases to be a member of the legislative body of the appointing Member. Vacancies in the positions of Director or alternate or alternates shall be filled in the manner provided for regular appointment of such persons in the Agreement creating the Authority and the Bylaws.

Section 3. Annual Meeting.

(a) Time Held and Business to be Transacted.

The annual meeting of the Board of Directors shall be held in July of each year or at such other time as may be designated by the Executive Committee. At such meeting the President and Vice President of the Authority and other members of the Executive Committee shall be elected as provided in Article III, reports of the affairs of the Authority shall be considered, and any other business may be transacted which is within the powers of the Board of Directors.

(b) Notice.

Written notice of each annual meeting shall be given to each Member of the Authority by mail, email, or other means of written communication, in the manner provided by the Ralph M. Brown Act, California Government Code Section 54950, *et seq.* Such notice shall specify:

(1) the place, the date, and the hour of such meeting;

(2) those matters which are intended to be presented for action or review by the Board of Directors;

(3) if officers and members of the Executive Committee are to be elected, the names of nominees intended at the time of the notice to be presented for election;

(4) the general nature of any proposal to be presented for action with respect to approval of (i) a new Member, (ii) a contract or other transaction of the Authority with an interested Member, (iii) amendment of the Agreement creating the Authority, (iv) the cancellation of a Member's participation in a joint protection program, (v) voluntary termination of the Agreement creating the Authority, or (vi) a distribution of program assets upon program dissolution; and

(5) such other matters, if any, as may be expressly required by statute or by the Agreement creating the Authority.

Section 4. Special Meetings.

Special meetings of the Board of Directors, for the purpose of taking any action permitted by statute and the Agreement creating the Authority, may be called at any time by the President, or by the Vice President in the absence or disability of the President, or by the Executive Committee of the Authority or by not less than ten (10) Members. Upon request in writing that a special meeting of the Board of Directors be called for any proper purpose, directed to the President, Vice President, or Secretary of the Authority, by any person or persons entitled to call a special meeting of the Board of Directors, the officer receiving such request forthwith shall cause notice to be given to the Members that a meeting will be held at a time requested by the person or persons calling the meeting, not less than fifteen (15) nor more than sixty (60) days

after receipt of the request. Notice of any special meeting shall be given in compliance with the Ralph M. Brown Act, California Government Code Section 54950, *et seq*. Such notice shall specify the place, date and hour of such meeting, and, if applicable, the names of nominees for officers or members of the Executive Committee intended at the time of the notice to be presented for election and the nature of the business to be transacted. No business other than that specified in the notice of the special meeting may be transacted at that meeting.

Section 5. Place of Meetings.

All annual or other meetings of the Board of Directors shall be held at a place within the State of California designated by the Executive Committee by resolution.

Section 6. Quorum.

At any meeting, the presence in person or by approved teleconference by the Director or alternate of a majority of the Members shall constitute a quorum for the transaction of business.

Section 7. Adjourned Meetings.

(a) Adjournment.

Any meeting of the Board of Directors may be adjourned from time to time by the vote of a majority of the Directors present.

(b) Notice.

When any meeting of the Board of Directors is adjourned for forty-five (45) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Except as specifically provided herein, or by the Ralph M. Brown Act, it shall not be necessary to give any notice of the time and place of the adjourned meeting or of the business to be transacted thereat, other than by announcement of the time and place thereof at the meeting at which such adjournment is taken.

Section 8. Voting.

(a) Voting at a Meeting

Unless a record date for voting purposes is fixed by the Executive Committee, Members which are Members on the day of the meeting of the Board of Directors shall be entitled to vote at such meeting. Such vote may be by voice vote or ballot; provided, however, that all elections for officers or members of the Executive Committee must be by ballot upon demand made by a Director at any election and before the voting begins. If a quorum is present, the affirmative vote of the majority of the Members represented at the meeting shall be the act of the Board, unless the vote of a greater number is required by the Agreement creating the Authority or by statute. A meeting at which a quorum is initially present may continue to

transact business notwithstanding the withdrawal of Directors, provided that any action taken is approved by a number of Directors at least equal to a majority (or greater number if required) of the number required for a quorum for such meeting. Every Member shall have one vote to be exercised by its Director. If one person has been duly appointed by more than one Member as the Director representing those Members, said person shall have the right to cast votes equal to the number Members for which he or she has been appointed as Director.

Ballots shall have imprinted on them, the name of the Member on whose behalf a ballot is cast. Ballots shall be open to inspection and public disclosure. A Director has the right to change his or her vote up to the time the vote is finally announced and thereafter only with permission of the Board of Directors prior to adjournment. No Director may change his or her vote, nor may anyone challenge the vote of any Director after the results have been announced, except by the consent of the Board of Directors, and then only prior to adjournment of the meeting at which the vote was cast. Written proxies or powers of attorney casting the vote for any Director, directing any Director to vote in a particular fashion, or acting in the place and stead of any Director, are not acceptable. The vote of each Director or his or her alternate shall not be challenged on the basis that said Director or alternate voted contrary to the express will of the legislative body of the Member for which he or she acts.

(b) Voting by Mailed Ballot

For issues for which it is deemed appropriate, action may be taken by the Board of Directors by the casting of mailed ballots. Mailed ballots may be in the form of hard copy or electronic ballot transmitted by U.S. Mail, email, or other physical or electronic method deemed secure by the Executive Committee. Mailed ballots may be cast only by the Director or his or her alternate.

Section 9. Inspectors of Election.

(a) Appointment.

In advance of any meeting of the Board of Directors, the Executive Committee may appoint any persons, other than nominees for office, as inspectors of election to act at such meeting or any adjournment thereof. If inspectors of election are not so appointed, the President, or Vice President in his or her absence, may, and on the request of any Director or alternate, shall make such appointment at the meeting. The number of inspectors shall be either one (1) or three (3), at least one of whom shall be a member of the Board of Directors. In case any person appointed as inspector fails to appear or fails or refuses to act, the vacancy may, and on the request of any Director, shall be filled by appointment by the Executive Committee in advance of the meeting, or at the meeting by the President, or the Vice President in his or her absence.

(b) Duties.

The duties of such inspectors shall include: Determining the current number of Members, the Members represented at the meeting, and the existence of a quorum; receiving votes, ballots or consents; hearing and determining all challenges and questions in any way

arising in connection with the right to vote; counting and tabulating all votes or consents; determining when the polls shall close; determining the result; and such acts as may be proper to conduct the election or vote with fairness to all Members.

(c) Procedure.

The inspectors of election shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical. The decision, act or certificate of a majority of the inspectors shall be effective in all respects as the decision, act or certificate of all. Any report or certificate made by the inspectors of election is prima facie evidence of the facts stated therein.

ARTICLE III - EXECUTIVE COMMITTEE

Section 1. Number of Members.

The authorized number of members of the Executive Committee shall be nine (9), until and unless changed by amendment of this Section, duly adopted by the vote or written consent of a majority of the Board of Directors, and subject to the limitations in the Agreement creating the Authority.

Section 2. Composition, Selection and Term of Office.

The Executive Committee shall consist of the President, Vice President and seven other members elected by the Board of Directors from the members of the Board. In addition, the Immediate Past President shall serve as an ex officio non-voting member of the Executive Committee for two years, provided the Immediate Past President's membership on the Board of Directors continues without interruption.

The terms of office of the Executive Committee members shall be for a term of two years or until he or she resigns or is removed or otherwise disqualified to serve. Members of the Executive Committee shall hold office until their successors are elected.

The President, or in his or her absence, the Vice President, shall serve as Chairperson of the Executive Committee.

Section 3. Vacancies.

(a) Creation of Vacancies.

A vacancy or vacancies in the Executive Committee shall be deemed to exist in case of the death, resignation, expiration of term, termination of membership on the Board of Directors, removal of any Executive Committee member by the Board of Directors, declaration of unsound mind by order of court, conviction of a felony, increase in the authorized number of members by amendment of the Agreement creating the Authority, or if the Board of Directors fail, at any annual or special meeting of the Board at which any members of the

Executive Committee are elected, to elect the full authorized number of Executive Committee members to be voted for at that meeting. A vacancy in the Executive Committee may further be created by removal of any member by the Executive Committee when such member has been absent from two or more regular meetings of the Executive Committee without advance excuse approved by the Executive Committee during any one year (from July 1 to June 30), and the Executive Committee determines, after reviewing the circumstances of said absences, that such member should be removed.

(b) Vacancies Filled by Executive Committee.

Vacancies in the Executive Committee, except for a vacancy created by the removal of an Executive Committee member, may be filled by appointment by a majority of the remaining members of the Executive Committee, though less than a quorum, or by a sole remaining member of the Executive Committee, and each member so appointed shall hold office until the expiration of the term of the vacated seat.

(c) Vacancies Filled by Board of Directors.

The Board of Directors may elect a member of the Executive Committee at any time to fill any vacancy or vacancies or seat filled on an interim basis by the Executive Committee. A vacancy in the Executive Committee created by the removal of a member by the Board of Directors may be filled only by the vote of a majority of the Directors present at a duly held meeting of the Board of Directors.

Section 4. Resignation.

Any Executive Committee member may resign effective upon written notice to the President, the Vice President, the Secretary or the Board of Directors of the Authority, unless the notice specifies a later time for the effectiveness of such resignation. If the Executive Committee receives the resignation of one of its members, tendered to take effect at a future time, the Board of Directors shall have the power to elect a successor to take office when the resignation becomes effective, or the Executive Committee may do so on an interim basis pending such Board Action.

Section 5. Removal of Executive Committee or its Individual Members by Board of Directors.

The entire Executive Committee or any of its individual members may be removed from office by a two-thirds vote of the Directors present at a duly held meeting of the Board of Directors.

Section 6. Regular Meetings.

(a) Regular Meetings.

The Executive Committee shall hold a regular monthly meeting. In the event a meeting date falls on a holiday or conflicts with another activity of the Authority or its Members, the President and Chief Executive Officer may confer and the President will reschedule the monthly meeting to a more convenient date, giving notice to all Members.

(b) Call and Notice.

No further call or notice of regular meetings need be given, except as is required to comply with the Ralph M. Brown Act, California Government Code Section 54950 *et seq.*

Section 7. Special Meetings.

(a) Call.

Special meetings of the Executive Committee for any purpose or purposes may be called at any time by the President, the Vice President, the Secretary, any two members of the Executive Committee, or the Chief Executive Officer.

(b) Notice.

Notice of the time and place of special meetings shall be given in writing to the members of the Executive Committee, delivered personally, by mail, email, or other approved method of delivery to each member at least 24 hours before the time of such meeting. Such notice shall specify the business to be transacted at the meeting and no business other than that specified in the notice shall be transacted at that meeting. Said notice shall be given in compliance with the Ralph M. Brown Act, California Government Code Section 54950 *et seq.*

Section 8. Actions at Meetings.

The President, or in his or her absence, the Vice President shall serve as the Chairperson of the Executive Committee. The presence of a majority of the authorized number of Committee members at a meeting constitutes a quorum for the transaction of business, except as hereinafter provided. Members of the Committee may participate in a meeting through use of conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another; such participation in a meeting constitutes presence in person at such meeting. Every act or decision done or made by a majority of the Committee members present at a meeting duly held at which a quorum is present shall be regarded as the act of the Executive Committee, unless a greater number is required by law, by the Agreement creating the Authority, or by these Bylaws. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of members, provided that any action taken is approved by a number of members at least equal to a majority (or greater number if required) of the number required for a quorum for such meeting.

Section 9. Adjourned Meetings.

(a) Adjournment.

A quorum of the members of the Executive Committee may adjourn any Executive Committee meeting to a stated day, hour and place; provided, however, that in the absence of a quorum a majority of the Executive Committee members present at any meeting may adjourn from time to time to a time not later than the time fixed for the next regular meeting of the Executive Committee.

(b) Notice of Adjournment.

If a meeting is adjourned for more than 24 hours, at least 24-hours written notice of such adjournment to another time or place shall be given prior to the time of the adjourned meeting to the Executive Committee members who were not present at the time of adjournment. Otherwise, notice of the time and place of holding an adjourned meeting need not be given if the time and place are fixed at the time of adjournment, except that the provisions of the Ralph M. Brown Act, California Government Code Sections 54950 *et seq.*, shall be complied with.

ARTICLE IV – CLAIMS COMMITTEE

Section 1. Composition.

The Claims Committee shall be composed of each member of the Executive Committee, the Managers Committee Chair, and the Finance Officers Committee Chair.

Section 2. Meetings.

The President shall appoint an Executive Committee member to serve as the Chair of the Claims Committee. The Chair, or in his or her absence the President, shall preside over the meetings. The presence of a majority of the authorized number of Committee members at a meeting constitutes a quorum for the transaction of business, except as hereinafter provided. Members of the Committee may participate in a meeting through use of conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another; such participation in a meeting constitutes presence in person at such meeting. Every act or decision done or made by a majority of the Committee members present at a meeting duly held at which a quorum is present shall be regarded as the act of the Claims Committee, unless a greater number is required by law, by the Agreement creating the Authority, or by these Bylaws. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of members, provided that any action taken is approved by a number of members at least equal to a majority of the number required for a quorum for such meeting.

ARTICLE V - ADVISORY COMMITTEES

Section 1. Managers Committee.

Pursuant to the Agreement creating the Authority, the Managers Committee shall be composed of one representative from each Member, who shall be the City Manager, City Administrator or the Chief Executive Officer of that Member. An alternate may be designated in writing to serve in place of and may vote for that representative in his or her absence. At any meeting, the presence in person or by approved teleconference of at least seven Managers or alternates shall constitute a quorum for the transaction of business. In the absence of a quorum, a majority of the Committee members present at any meeting may adjourn from time to time to a time not later than the time fixed for the next regular meeting of the Committee.

Section 2. Finance Officers Committee.

Pursuant to the Agreement creating the Authority, the Finance Officers Committee shall be composed of one representative from each Member, who shall be the Finance Director or Chief Finance Officer of that Member. An alternate may be designated in writing to serve in place of and may vote for that representative in his or her absence. At any meeting, the presence in person or by approved teleconference of at least seven Finance Officers or alternates shall constitute a quorum for the transaction of business. In the absence of a quorum, a majority of the Committee members present at any meeting may adjourn from time to time to a time not later than the time fixed for the next regular meeting of the Committee.

Section 3. Underwriting Committee.

Pursuant to the Agreement creating the Authority, the Underwriting Committee shall be composed of the Managers Committee Chair and Vice Chair, the Finance Officers Committee Chair and Vice Chair, and the Chief Executive Officer of the Authority. Three representatives shall constitute a quorum. In the absence of a quorum, a majority of the Committee members present at any meeting may adjourn.

Section 4. Other Committees

Other committees may be created by the Executive Committee for the purpose of providing specialized advice to the Executive Committee on the subject matter brought before it. The committee's purpose, composition, quorum requirements, and meeting schedule may be defined by the Executive Committee or delegated by the Executive Committee to the advisory committee itself.

Section 5. Meetings.

Such Committees shall meet from time to time and shall elect their respective Chairpersons, Vice Chairpersons and other officers as deemed necessary by them. All meetings shall be noticed in compliance with the Ralph M. Brown Act, California Government Code Section 54950, *et seq.*

ARTICLE VI - OFFICERS AND EMPLOYEES

Section 1. Officers.

The officers of the Authority shall be a President, a Vice President, a Secretary, and a Treasurer. The Executive Committee may, in addition, provide for other officers as it deems necessary for the performance of the business of the Authority.

Section 2. Election and Term of Office.

The President and Vice President of the Authority shall be elected by the Board of Directors at its annual meeting, and each shall hold office for a term of two years or until he or she resigns or is removed or otherwise disqualified to serve, and until his or her successor is elected.

Section 3. Other Officers and Employees.

The Executive Committee shall appoint, or may empower the President to appoint, subject to ratification by the Executive Committee, all officers other than the President and Vice President. Except as may otherwise be provided in the Agreement creating the Authority or the Bylaws, such officers shall hold office until replaced by action of the Executive Committee. The Executive Committee shall also appoint a Chief Executive Officer and Authority Attorney who shall serve at the pleasure of the Executive Committee or for such term as the Executive Committee may provide by agreement. All officers and employees shall have such authority and perform such duties as are provided in the Agreement creating the Authority, or the Bylaws or as the Executive Committee may from time to time determine. The Executive Committee may provide for the payment of compensation to officers or employees for their services to the Authority.

Section 4. Vacancies.

A vacancy in any office because of death, resignation, removal, disqualification, expiration of term, or any other cause shall be filled in the manner prescribed in the Agreement creating the Authority and the Bylaws for regular appointments to such office.

Section 5. Removal and Resignation.

(a) Removal.

The President, Vice President or any Executive Committee member may be removed, without cause, by the Board of Directors, at any regular or special meeting thereof. An officer chosen by the Executive Committee may be removed, without cause, by that Committee or by any officer upon whom such power of removal may be conferred by the Committee, (subject, in each case, to the rights, if any, of an officer under any contract of employment).

(b) Resignation.

Any officer may resign at any time by giving written notice to the Executive Committee or to the President, or to the Secretary of the Authority, without prejudice, however, to the rights, if any, of the Authority under any contract to which such officer is a party. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. President.

The President shall preside at all meetings of the Board of Directors and the Executive Committee. He or she shall be a member of all of the Executive Committee standing committees, and shall have the powers and duties as may be prescribed by the Board of Directors, the Agreement creating the Authority, or the Bylaws.

Section 7. Vice President.

In the absence or disability of the President, the Vice President shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. The Vice President shall have such other powers and perform such other duties as from time to time may be prescribed by the Board of Directors or the Bylaws.

Section 8. Secretary.

The Secretary shall record or cause to be recorded, and shall keep or cause to be kept, at the principal executive office or such other place as the Executive Committee may order, a book of minutes of actions taken at all meetings of the Board of Directors and Executive Committee, whether regular or special, (and, if special, how authorized), the notice thereof given, the names of those present at the meetings, and the proceedings thereof.

The Secretary shall keep, or cause to be kept, at the principal executive office of the Authority a list of all designated Directors and alternates of each Member.

The Secretary shall give, or cause to be given, notice of all the meetings of the Board of Directors and of the Executive Committee required by the Bylaws or by law to be given, and shall have such other powers and perform such other duties as may be prescribed by the Executive Committee, the Agreement creating the Authority, or by the Bylaws.

Section 9. Treasurer.

The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct financial records of the Authority, including accounts of its assets, liabilities, receipts, and disbursements, and shall have such other duties as are provided for in the Agreement creating the Authority.

Section 10. Chief Executive Officer

The Chief Executive Officer shall be authorized and responsible for the overall management and administration of the Authority and its joint protection programs and shall select and appoint all employees. The Chief Executive Officer shall have such other and related duties as may be prescribed by the Executive Committee or the Bylaws.

ARTICLE VII - MISCELLANEOUS

Section 1. Rules and Regulations of Joint Protection Programs.

As soon as practicable after development of the details of a joint protection program of the Authority, the specific rules and regulations for the implementation of the program shall be adopted by the Executive Committee, which shall cause them to be set forth in written form and a copy thereof distributed to each Member. Such rules and regulations shall be included in any procedure manual prepared by the Authority for the Members.

Section 2. Annual Report.

The Executive Committee of the Authority shall cause an annual report to be sent to the Members not later than 270 days after the close of each fiscal year. Such report shall contain a balance sheet as of the end of such fiscal year and an income statement and statement of changes in financial position for such fiscal year, and shall be accompanied by the annual audit report thereon and such other information as may be required by law.

Section 3. Defense of Agents of the Authority.

(a) For the purpose of this Article, "agent" means any person who is or was an officer, employee or other agent of the Authority.

(b) The Authority shall provide for the defense of any civil action or proceeding brought against any such agent of the Authority in his or her official or individual capacity or both, on account of an act or omission within the scope of his or her agency as an agent of the Authority, and to the extent of such defense as is provided for in California Government Code Section 995 *et seq.*

Section 4. Inspection of Authority Records.

The accounting, books and records, the list of Members' designated Directors and alternates, and minutes of proceedings of the Board of Directors and the Executive Committee and all other committees of the Authority shall be open to the inspection of any Member at any reasonable time. Such inspection by a Member may be made in person or by agent or attorney, and the right of inspection includes the right to copy and make extracts.

Section 5. Checks and Drafts.

All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Authority, shall be signed or endorsed by the President and Treasurer or by such person or persons and in such manner as, from time to time, shall be determined by the Executive Committee.

Section 6. Register of Demands.

A register of all demands shall be submitted to the Executive Committee for payment approval, and shall have attached thereto the affidavit or declaration of the Chief Executive Officer certifying as to the accuracy of the demands and the availability of funds for payment thereof. The Executive Committee shall not hear, consider, allow or approve any bill or demand against the Authority unless the same is itemized giving names, dates, and particular services tendered, and any other pertinent details as the case may be. Demands for salaries and wages of officers and employees of the Authority may, but need not be, presented to the Executive Committee prior to payment but shall appear on the next register of demands for approval.

After approval of the register of demands by the Executive Committee, the public officer performing the function of Treasurer shall sign the warrant authorizing payment of the demands so approved. Signatures on warrants may be by facsimile.

Section 7. Execution of Contracts.

The Executive Committee may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Authority, and such authorization may be general or confined to specific instances. Unless so authorized by the Executive Committee, no officer, agent or employee shall have any power or authority to bind the Authority by any contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount. The Chief Executive Officer is authorized to enter into any contract or execute any instrument in the name of, and on behalf of, the Authority for services and programs approved by the Executive Committee or Board of Directors, subject to limitations (including budget limitations) set by the Executive Committee or the Board of Directors.

Section 8. Rules of Procedure for Meetings.

All meetings of the Board of Directors, Executive Committee and any other Committees of the Authority shall be conducted in accordance with Robert's Rules of Order, except where such are in conflict with California law, the Agreement creating the Authority, or the Bylaws, whereupon the latter two shall govern over said Rules of Order.

ARTICLE VIII - AMENDMENTS TO BYLAWS

Section 1. Power of Board of Directors.

New Bylaws may be adopted or these Bylaws may be amended or repealed by the affirmative vote of a majority of the quorum at a meeting of the Board of Directors, except as otherwise provided by the Agreement creating the Authority.

Section 2. Power of Executive Committee.

Subject to the right of the Board of Directors as provided in Section 1 of this Article VIII to adopt or amend Bylaws, Bylaws other than a bylaw or amendment thereof changing the authorized number of members of the Executive Committee may be adopted or amended by the Executive Committee. Any amendment by the Executive Committee shall be on the agenda of the next meeting of the Board of Directors for ratification. An affirmative vote by a majority of the quorum shall constitute ratification of the amendment.

Membership by County

Membership as of July 1, 2012

Imperial County
Brawley
Calexico
El Centro
Imperial

Inyo County
Bishop
Eastern Sierra Transit Authority

Los Angeles County
Agoura Hills
Agoura Hills Calabasas Community Center Authority
Area B Disaster Management
Area E Disaster Management
Artesia
Bell Gardens
Bellflower
Bradbury
Calabasas
Cerritos
Claremont
Commerce
Cudahy
Diamond Bar
Duarte
Gateway Cities Council of Governments
Hawaiian Gardens
Hidden Hills
Irwindale
La Cañada Flintridge
La Habra Heights
La Mirada
La Puente
La Verne
Lakewood
Lawndale
Lomita
Los Angeles Interagency Metropolitan Police Apprehension Task Force

Los Angeles County (Continued)
Malibu
Maywood
Norwalk
Palos Verdes Estates
Palos Verdes Peninsula Transit Authority
Paramount
Pico Rivera
Pomona Valley Transportation Authority
Rancho Palos Verdes
Rolling Hills
Rolling Hills Estates
Rosemead
San Dimas
San Gabriel
San Marino
Santa Fe Springs
Sierra Madre
Signal Hill
South El Monte
South Pasadena
Southeast Area Animal Control Authority
Southern California Association of Governments
Temple City
Walnut
West Hollywood
Westlake Village

Marin County
Belvedere
Marin County Major Crimes Task Force

Mono County
Mammoth Lakes

Monterey County
Monterey Peninsula Regional Park District
Seaside
Seaside County Sanitation District

Membership by County

Membership as of July 1, 2012

Orange County
Aliso Viejo
Coastal Animal Services Authority
Dana Point
Fountain Valley
La Palma
Laguna Niguel
Laguna Woods
Lake Forest
Los Alamitos
Mission Viejo
San Clemente
San Juan Capistrano
Seal Beach
Villa Park
West Cities Police Communications Center

Riverside County
Coachella Valley Association of Governments
Coachella Valley Conservation Commission
Desert Recreation District
Indian Wells
Indio
La Quinta
Lake Elsinore
Palm Desert

San Bernardino
Apple Valley
Big Bear City Community Services District
Big Bear Lake
Chino Hills
Grand Terrace
Loma Linda
Mountain Area Regional Transit Authority
Needles

San Diego County
Poway
San Marcos

San Luis Obispo County
Arroyo Grande
Atascadero
Black Gold Cooperative Library System
Grover Beach
Morro Bay
Paso Robles
Pismo Beach
San Luis Obispo

Santa Barbara County
Buellton
Carpinteria
Goleta
Guadalupe
Solvang

Santa Clara County
Midpeninsula Regional Open Space District

Ventura County
Camarillo
Fillmore
Moorpark
Ojai
Port Hueneme
Santa Paula
Ventura Port District

Memorandum of Liability Coverage

Issued to the «Agency»

Effective July 1, 2012 – July 1, 2013

Administered by the California Joint Powers Insurance Authority

INTEGRITY

EXCELLENCE

INNOVATION

TEAMWORK

Effective July 1, 2012 – July 1, 2013, as a joint protection program authorized pursuant to Article 11(a) of the California JPIA joint powers agreement

Providing Innovative Risk Management Solutions For Our Public Agency Partners

CALIFORNIA J · P · I · A

AGENDA ITEM 11 - ATTACHMENT C

AGENDA ITEM 11 - ATTACHMENT C

COVER PAGE

MEMORANDUM OF LIABILITY COVERAGE
FOR THE
CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

MEMBER: «Member_Name»

MAILING ADDRESS: «Member_Address»
«City», «State» «Zip»

PROTECTION LIMITS: Primary layer: $15,000,000

PROTECTION PERIOD: From July 1, 2012 at 12:01 a.m. Pacific Time until July 1, 2013 at 12:01 a.m. Pacific Time.

ENDORSEMENT(S):

This Memorandum, and any endorsements thereto, are a description of the terms and conditions of the Program through which certain specified and limited self-insured risks of liability are administered by the Authority and shared by its Members. *This Memorandum is not an insurance policy.* As provided in Section 990.8 of the California Government Code and appellate court cases of *Orange County Water District v. Association of California Water Agencies JPIA* (1997) and *City of South El Monte v. Southern California Joint Powers Insurance Authority* (1995), the pooling of self-insured claims or losses among the Members of the Authority shall not be considered insurance nor be subject to regulation under the Insurance Code.

CALIFORNIA JPIA

By _____
President

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MEMORANDUM OF LIABILITY COVERAGE

for the

CALIFORNIA JOINT POWERS INSURANCE AUTHORITY

1. INTRODUCTION

This **Memorandum** is a description of the terms and conditions of the **Program** through which certain self-insured risks of liability are administered by the **Authority** and shared by its **Members** pursuant to the Joint Powers Agreement creating the **Authority** under the provisions of Section 6500 et seq. of the Government Code.

As provided in Section 990.8 of the Government Code, pooling of losses in this **Program** is *not insurance*. The sole duty of the **Authority** is to administer the **Program** adopted by the **Members**. The **Authority** can indemnify only **Claims** or losses, which are pooled under the terms of this **Memorandum** and the Joint Powers Agreement. There is no transfer of risk from the **Member** or any **Protected Party** to the **Authority** nor assumption of risk by the **Authority**.

The provisions of the **Program** are subject to and subordinated to the Joint Powers Agreement or any action taken by the Executive Committee or the Board of Directors in connection with the **Program**. This **Program** has been adopted pursuant to action taken by the Executive Committee, and is subject to any amendment, modification or extension by the Executive Committee or the Board of Directors.

The terms of this **Memorandum** shall be construed in an evenhanded fashion in accordance with the principles of California contract law. If the language of this **Memorandum** is alleged to be ambiguous or unclear, the issue of how the protection should apply shall be resolved in a manner most consistent with the relevant terms of this **Memorandum** without regard to authorship of the language and without any presumption of arbitrary interpretation or construction in favor of either the **Protected Party** or the **Authority**. Any controversy or dispute arising out of or related to an interpretation or breach of this **Memorandum** shall be settled in accordance with the appeals procedures as set forth in this **Memorandum**.

Throughout this **Memorandum**, words and phrases that appear in **bold** print are defined in 3. DEFINITIONS.

2. PROTECTION PROVIDED

A. *Payments on Behalf of Protected Parties*

Subject to all provisions of this **Memorandum,** the **Authority** will cause the **Program** to pay on behalf of the **Protected Party** all sums that the **Protected Party** shall become

legally obligated to pay as **Damages** by reason of **Tort Liability** imposed by law, or the **Tort Liability** of others assumed in a **Protected Contract,** because of:

(i) Bodily Injury or Property Damage;

(ii) Personal Injury;

(iii) Public Officials Errors and Omissions;

(iv) Broadcast/Publication Injury;

(v) Employment Practices Injury;

(vi) Employee Benefit Administration Liability; or

(vii) Termination of City Manager's Employment Liability

caused by an **Occurrence** to which this **Memorandum** applies.

B. ***Defense and Settlement***

The **Authority**, at the shared expense of its **Members**, and out of funds of the **Program** deposited or obligated to be deposited by its **Members**, shall investigate, negotiate, settle, or **Defend**, at the **Authority's** sole discretion, any **Claim** or **Suit** which has been tendered to the **Authority** and which in the sole opinion of the **Authority** is encompassed by this **Program**. The **Authority** shall control selection of defense counsel. **Defense Costs** incurred by the **Protected Party** prior to the tender of the **Claim** or **Suit**, as required by 5. CONDITIONS AND RESPONSIBILITIES, to the **Authority** are the sole obligation of the **Protected Party**. The date of the tender of the **Claim** or **Suit** shall be the date written notice of said **Claim** or **Suit** is received at the **Authority's** offices (or its designated Claims Administrator).

The obligation of the **Authority** as described above shall cease to apply after the *Protection Limit* has been exhausted by any combination of payments hereunder for judgments, settlements, or **Defense Costs**, or if the **Authority** tenders the *Protection Limit* on behalf of any **Protected Party**. For purposes of excess insurance or reinsurance, any **Defense Costs** incurred prior to the tender of the *Protection Limit* shall be deducted from the *Protection Limit* that is tendered.

With respect to any **Claim** or **Suit** or part thereof which has been tendered to the **Authority** and over which the **Authority** assumes full or partial responsibility or charge of the settlement or **Defense**, the **Authority** shall, if applicable, cause the **Program** to pay:

(i) All expenses incurred by the **Authority** on behalf of a **Protected Party**;

(ii) Costs taxed against a **Protected Party** in the **Suit**; and

(iii) Other reasonable expenses incurred by a **Protected Party** at the **Authority's** request to assist the **Authority** in the investigation or **Defense** of the **Claim** or **Suit**; but this shall not include the office expenses of the **Protected Party**, the salaries of **Employees** or officials of the **Protected Party**, nor expenses of any claims administrator engaged by the **Protected Party.**

With respect to a **Claim** or **Suit** for which the **Authority** has determined that only a portion is encompassed by this **Program**, the **Authority** shall cause the **Program** to fund

any **Defense** to the **Claim** or **Suit** against the **Member** and any settlement or final judgment of that **Claim** or **Suit**, subject to the reservation by the **Authority** of the right to recover from the **Member** any amounts paid by the **Authority** for such settlement or final judgment which are paid to claimants for **Claims** or **Suits**, or portions thereof, not encompassed by the **Program**.

With respect to a **Claim** or **Suit** for which the **Authority** has determined that no portion is encompassed by this **Program**, the **Claim** or **Suit** shall be referred, in its entirety, back to the **Protected Party**.

The payment of **Defense Costs** will reduce the *Protection Limit* under this **Program**.

C. ***Protection Limit***

The *Protection Limit* shown on the Cover Page and the rules below determine the most the **Program** will pay, inclusive of **Defense Costs,** regardless of the number of:

(i) Protected Parties;

(ii) **Claims** made or **Suits** brought; or

(iii) Persons or organizations that sustain injuries or **Damages**.

The *Protection Limit* stated on the Cover Page is the most the **Program** will pay per **Member** for the sum of **Damages**, **Defense Costs** and expenses as included in B. *Defense and Settlement* under any or all or any combination of **Bodily Injury, Property Damage, Personal Injury**, **Public Officials Errors and Omissions**, **Broadcast/Publication Injury**, **Employment Practices Injury**, **Employee Benefit Administration Injury**, or **Termination of City Manager's Employment Liability** arising out of any one **Occurrence.**

For the purpose of determining the *Protection Limit* all **Bodily Injury, Property Damage, Personal Injury, Public Officials Errors and Omissions, Broadcast/Publication Injury, Employment Practices Injury, Employee Benefit Administration Liability**, or **Termination of City Manager's Employment Liability** arising out of exposure to substantially the same general condition(s) shall be considered as arising out of one **Occurrence.**

Any actual or alleged loss of use of tangible property not physically injured or destroyed shall be deemed to occur at the time of the **Occurrence** that caused such loss of use. Any other injury or damage occurring or alleged to have occurred over more than one **Protection Period** shall be deemed to have occurred during the **Protection Period** when the **Occurrence** began.

D. ***Statutory Limitations***

Notwithstanding sections 2.A. and 2.B. above, the defense and/or indemnity protections afforded by this agreement to a past or present elected or appointed official or **Employee** of a **Member** are not broader than the **Member's** own duty to defend and indemnify its official or **Employee** under California Government Code sections 825, et seq. and 995, et seq. All immunities, defenses, rights, and privileges of the **Member** under the Government Code apply to the **Program** as well, including any defense that the official or **Employee** acted outside the course and scope of employment or acted with fraud,

corruption or actual malice, or any defense that the action or proceeding or type of damage sought is not the type for which the **Member** is obligated to provide defense and/or indemnity. The defense and/or indemnity protections are also subject to all the terms, conditions, and Exclusions of this **Memorandum** and do not apply if not covered by this **Memorandum**, even if an obligation to defend and/or indemnify would exist under the Government Code.

E. ***Territorial Limitation***

This **Memorandum** applies only to **Claims** made in the courts of the United States or of any State.

3. DEFINITIONS

Administration under **Employee Benefits Administration Liability** means:

A. Giving counsel to employees with respect to the **Employee Benefits Programs**;

B. Interpreting the **Employee Benefits Programs**;

C. Handling of records in connection with the **Employee Benefits Programs**; or

D. Effecting enrollment, termination, or cancellation of employees under the **Employee Benefits Programs**, provided all such acts are authorized by the **Member**.

Aircraft means any vehicle designed to transport people or property through the air.

Airport means any locality either on land or water which is adopted for the landing and taking off of **Aircraft**, including all land, water, buildings, structures, equipment or other improvements necessary or convenient in the establishment and operation of an **Airport**.

Authority means the California Joint Powers Insurance Authority.

Automobile means a land motor vehicle, trailer, or semi-trailer.

Bodily Injury means bodily injury, sickness, or disease sustained by any person, including death resulting from any of these at any time.

Broadcast/Publication Injury means injury caused by or arising out of:

A. Any form of defamation or other tort related to disparagement or harm to the character, reputation or feelings of any natural person or organization including but not limited to libel, slander, product disparagement, trade libel, infliction of emotional distress, outrage, or outrageous conduct;

B. Any form of invasion of, infringement of, or interference with rights of privacy or publicity; including but not limited to false light, public disclosure of private facts, intrusion, and commercial appropriation of name or likeness;

C. Infringement of copyright or trademark;

D. Plagiarism or piracy or misappropriation of ideas under implied contract;

E. Unauthorized use of names, trade names, trademarks, service marks, titles, formats, ideas, characters, character names, characterizations, performances, plots, musical compositions, slogans, program material, or any other similar material; or

F. Denial of access to broadcast facilities based upon application of judgment or standards relating to the acceptability of material for public broadcast; committed in the course of the **Protected Party's** broadcast or publication activities.

Certification means a signed statement by a **City Manager** that he or she is entitled to the **Unemployment Protection Payment** because he or she is unemployed or is employed but at a specified lower salary than he or she was earning at the time of the **Occurrence** and has not retired under a retirement program in which the **City Manager** earned benefits as a public employee. The initial executed **Certification** must be received within 60 days following the **Waiting Period**.

City Manager means the governing body-appointed chief administrative officer of a **Protected Party** whether called **City Manager**, Chief Administrative Officer, General Manager or other title designating the highest appointed official of the governmental entity.

Claim means a notice, demand, or **Suit** against a **Protected Party** to recover **Damages**. **Claim** does not include an administrative claim filed with the Equal Opportunity Employment Commission, the California Department of Fair Employment and Housing, or other similar state or federal administrative agency.

Dam means a structure described by California Water Code sections 6002 through 6004.

Damages means compensation in money recovered by a party for loss or detriment it has suffered through the acts of a Protected Party. **Damages** does not include defense of **Claims** or any punitive, exemplary or multiplied damages or non-monetary relief or redress or injunctive relief.

Defense Costs means all fees and expenses incurred in connection with the adjustment, investigation, defense, and appeal of a **Claim** covered hereunder, including attorney fees, court costs, premiums for appeal bonds, and interest on judgments accruing after the entry of judgment, and also shall include the costs of any claims administrator or defense counsel assigned by the **Authority** to respond to any **Claim** on behalf of the **Authority**. **Defense Costs** shall not include the office expenses of the **Protected Party**, nor the salaries of employees or officials of the **Protected Party,** nor expenses of any claims administrator engaged by the **Protected Party**. **Defense Costs** also do not include any fee or expense relating to coverage issues between the **Authority** and any **Protected Party**.

Discrimination means injury caused by or arising out of:

A. Unlawful discrimination because of race, sex, color, age, religion, or national origin, or membership in any similar legally protected class; or

B. Violation of the discrimination prohibitions of the Americans with Disabilities Act of 1990, any rules or regulations promulgated thereunder and amendments thereto or similar provisions of any federal, state, or local statutory law or common law.

Employee includes any person falling within the definition of "employee" under section 810.2 of the Government Code. That section provides: "**Employee** includes an officer…employee, or servant, whether or not compensated, but does not include an independent contractor." **Employee** also includes any volunteer designated by the **Member** to perform specific functions in the course and scope of authorized activities under the direction and control of the **Member**.

Employee Benefit Administration Liability means liability for injury or damage caused by or arising out of any negligent act, error or omission of the **Protected Party** in the **Administration** of the **Member's Employee Benefits Programs**.

Employee Benefits Program means group life insurance or self-insurance, group medical, dental or vision-care insurance or self-insurance, pension plans, retirement plans, deferred compensation plans, workers' compensation, unemployment insurance, social benefits, disability benefits, and other similar employee benefits.

Employment Practices Injury means injury arising out of the following offenses:

A. Wrongful dismissal, discharge, or termination of employment;

B. Breach of any oral or written employment contract or quasi-employment contract;

C. Employment-related coercion or misrepresentation;

D. Violation of employment discrimination laws;

E. Workplace sexual or other harassment;

F. Wrongful failure to employ or promote;

G. Wrongful discipline, negligent evaluation, or wrongful demotion;

H. Wrongful deprivation of a career opportunity; or

I. Employment-related:

   (i) Invasion of privacy,

   (ii) Defamation, or

   (iii) Wrongful infliction of emotional distress.

Fungi means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents, or byproducts produced or released by fungi.

Hostile Fire means a fire that becomes uncontrollable and breaks out from where it is intended to be.

Levee means a permanent embankment intentionally constructed for the purpose of preventing overflow of a watercourse or body of water.

Medical Benefit means the cost of all benefits to which a **City Manager** is entitled under the Comprehensive Omnibus Budget Reconciliation Act of 1986 (COBRA).

Member means the entity, including all of its departments and constituent agencies, that is a signatory to the Joint Powers Agreement creating the **Authority** as may be amended from time to time, which has adopted a resolution to participate in the **Program**, and

whose name appears on the Cover Page of this **Memorandum**. **Member** includes any other agency for which the **Member's** governing board or council acts as the governing board, and also includes any commissions, agencies, districts, authorities, redevelopment agencies, boards, or similar entities coming under the **Member's** direction and control. **Member** shall include any other agency authorized by the **Authority's** Executive Committee or Board of Directors.

Memorandum means this Memorandum of Liability Coverage authorized by the Joint Powers Agreement of the **Authority** specifying the terms and conditions of the **Program** through which certain specified and limited self-insured risks of liability are administered by the **Authority** and shared by its **Members**.

Nuclear Material means "source material," "special nuclear material," or "by-product material" as those terms are given meaning in the Atomic Energy Act of 1954 or any law amendatory thereto.

Occurrence means:

A. With respect to **Bodily Injury** or **Property Damage**, an accident, including continuous or repeated exposure to conditions, that first occurs during the **Protection Period** and that results in **Bodily Injury** or **Property Damage** neither expected nor intended from the standpoint of the **Protected Party**;

B. With respect to **Public Officials Errors and Omissions**, actual or alleged conduct described in the definition of **Public Officials Errors and Omissions** during the **Protection Period**;

C. With respect to **Employee Benefits Administration Liability**, actual or alleged conduct described in the definition of **Employee Benefits Administration Liability** during the **Protection Period**;

D. With respect to **Personal Injury**, **Broadcast/Publication Injury**, and **Employment Practices Liability,** an offense described in the definitions of those terms; or

E. With respect to **Termination of City Manager's Employment Liability**, injury arising out of:

   (i) Dismissal, discharge, or termination of the employment of a **City Manager**; or

   (ii) Failure to renew an employment contract which results in termination of the employment of a **City Manager**

   for which liability on the part of a **Protected Party** can be settled through the acceptance by the **City Manager** of an **Unemployment Protection Payment** in exchange for a **Waiver** and **Certification**.

All claims based on or arising out of **Harassment** or similar conduct (including molestation or sexual abuse) by an **Employee**, or more than one **Employee** acting in concert, will be considered arising out of one **Occurrence** and shall be deemed to have been committed at the time of the first of such acts or alleged acts, regardless of the number of:

(i) Protected Parties;

(ii) **Claims** made or **Suits** brought; or

(iii) persons or organizations that sustain injuries or **Damages**.

If a series of wrongful acts committed by one **Employee,** or more than one **Employee** acting in concert, takes place over more than one **Protection Period**, the wrongful acts will be deemed to have been committed during the first **Protection Period** and only the **Protection Limit** for that **Protection Period** shall apply.

Personal Injury means injury, other than **Bodily Injury**, **Property Damage** or **Public Officials Errors and Omissions,** resulting from one or more of the following offenses:

A. False arrest, detention, or imprisonment;

B. The use of force for the purpose of protecting persons or property;

C. Malicious prosecution or abuse of process;

D. Wrongful entry by any employee of the **Member** into a room, dwelling, or other similar premises that a person occupies;

E. Wrongful eviction by any employee of the **Member** of a person from a room, dwelling, or other similar premises that such person occupies;

F. The publication or utterance of a libel or slander, including statements that disparage a person's or organization's goods, products, or services;

G. A publication or utterance that violates a person's right of privacy;

H. Interference with an existing or prospective economic advantage, contract, or agreement;

I. **Discrimination;**

J. Violation of civil rights; or

K. Infliction of emotional distress.

Pollutants/Hazardous Materials includes without limitation:

A. Any flammable or explosive substances, radioactive materials, asbestos, poly-chlorinated biphenyls, chemicals, substances known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, or related materials which are regulated by or under any federal, state, or local environmental law;

B. Any material identified as hazardous in Sections 66261.10 through 66261.126 of Title 22 of the California Code of Regulations, as amended from time to time (collectively);

C. Any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. The term "waste" includes materials to be recycled, reconditioned, or reclaimed; and

D. **Fungi** and bacteria of any kind, unless caused by an otherwise covered **Occurrence**.

Program means the California Joint Powers Insurance Authority Liability Protection Program described by this **Memorandum** and the Agreement of the **Members** creating

the **Authority**. The **Program** is a fund created by the **Members** for the purpose of pooling self-insured losses.

Property Damage means:

A. Physical injury to or destruction of tangible property which occurs during the **Protection Period,** including the loss of use thereof at any time resulting there from; or

B. Loss of use of tangible property that has not been physically injured or destroyed provided such loss of use is caused by an **Occurrence** during the **Protection Period**.

Protected Contract means a written agreement that satisfies all of the following:

A. The agreement pertains to the **Member's** operations and by the contract terms the **Member** assumes the **Tort Liability** of another to pay damages because of **Bodily Injury** or **Property Damage** to a third person or organization;

B. The agreement is entered into prior to the **Bodily Injury** or **Property Damage** for which a **Claim** is made; and

C. The agreement, including its value, is reported by the **Member** and approved by the **Authority** through issuance of an evidence of coverage letter prior to the **Bodily Injury** or **Property Damage** and the value is added to the **Member's** annual payroll for use in any retrospective deposit or annual contribution computation.

A **Protected Contract** may cover an architect, engineer, or surveyor for his or her role as a Public Official, except for the application of paragraphs B.(i) and B.(ii) below. **Protected Contracts** may apply to contract public works directors, building officials, planning directors, **City Managers**, city attorneys, city prosecutors, redevelopment directors, or other contracted Public Officials for occurrences arising out of their official duties, but this coverage applies only to the named contract Public Official and does not extend to other individuals within the contractor's firm.

A **Protected Contract** does not include any part of any contract or agreement:

A. That indemnifies any person or organization for injury or damages caused by or arising out of the ownership, operation, maintenance or use of any **Aircraft**, **Airport** or **Watercraft**;

B. That indemnifies an architect, engineer, or surveyor. This exclusion does not apply in the instance where an individual is under an exclusive contract as a contract Public Official solely for the benefit of the **Member** (i.e., no work is performed by the person for any other person or entity), for injury or damage arising out of:

   (i) Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; or

   (ii) Giving or failing to give directions or instructions, if that is the primary cause of the injury or damage;

C. Under which the **Protected Party**, if an architect, engineer, or surveyor, assumes liability for injury or damage arising out of the **Protected Party's** rendering or

failing to render professional services, including those listed in B. above and supervisory, inspection, or engineering services;

D. That indemnifies any person or organization for damages by fire, explosion, or water damage to premises rented or loaned to the **Member**; or

E. That indemnifies any person or organization in connection with the establishment, designation, or implementation of a **Quiet Zone**.

Limited Protected Contract means a written agreement, contract or permit in which:

A. The **Member** assumes the **Tort Liability** of another to pay damages because of **Bodily Injury** or **Property Damage** to a third party in one of the following:

(i) Easements or License Agreements;

(ii) Leases of Real or Personal Property;

(iii) Encroachment Permits;

(iv) Special Events Sponsored by the **Member**; or

(v) Use of Facilities, Equipment, real or personal property by the **Member**; or

B. The **Member** assumes the **Tort Liability** of another to pay damages because of **Bodily Injury** or **Property Damage** to a third party for an activity not named in paragraph A. directly above, and upon its review of the agreement, **Authority** staff has determined at its sole discretion that any risks assumed in the agreement do not significantly increase the **Member's** risk exposure, and an Evidence of Coverage letter has been issued by the **Authority**; or

C. The **Member** is obligated to provide evidence of coverage for a third party to participate in a funding program administered by another government or evidence of coverage required by bond indentures entered into by the **Member** if **Authority** staff has determined in its sole discretion that any risks assumed in the agreement do not significantly increase the **Member's** risk exposure, and an Evidence of Coverage letter has been issued by the **Authority**;

and which is entered into prior to the **Bodily Injury** or **Property Damage** for which a **Claim** is made.

A **Limited Protected Contract** does not include any part of any contract or agreement that indemnifies any person or organization for injury or damages caused by the sole negligence of such person or organization, or that cannot be included in a **Protected Contract**.

A **Limited Protected Contract** also does not include any part of a contract or agreement that indemnifies the owner or operator of a **Railroad**.

Protected Party means:

A. The **Member** named on the Cover Page;

B. Persons who are, or were, elected or appointed officials or **Employees** of the **Member,** whether or not compensated, while acting within the scope of their duties

or employment as such, including while acting on outside committees, commissions, or boards at the direction of the **Member**, except that the protection so provided does not apply to **Bodily Injury** to another official or employee of the **Member** in the course of and arising out of his or her duties to or employment by the same **Member**;

C. Any nonprofit California corporation or unincorporated association under written contract, approved by the **Member's** governing board or council, to perform specified functions under the **Member's** direction and control. The corporation or unincorporated association is a **Protected Party** only for **Occurrences** arising out of the functions described in the contract. For the purposes of this section, direction and control means the authority of the **Member** to be involved in decision making and to overturn decisions;

D. Any person or entity identified as an additional **Protected Party** in a letter certifying such additional **Protected Party** status issued by the **Authority,** for **Bodily Injury** or **Property Damage** during the time period identified in the letter; if a particular activity is identified in the letter, the person or entity is a **Protected Party** only for **Occurrences** arising out of the described activity. Additional **Protected Party** status will apply only where required by the terms of a written agreement.

E. Any person while using an **Automobile** owned, hired, or leased by a **Member,** and any person or organization legally responsible for the use thereof, provided the use is with the express permission of the **Member,** and only for **Bodily Injury** and **Property Damage**. This protection does not apply to:

   (i) Any person or organization, or any agent or employee thereof, engaged in selling, repairing, servicing, delivering, testing, road testing, parking or storing, **Automobiles**, with respect to any **Occurrence** arising out of any such occupation or activity;

   (ii) With respect to any hired automobile, to the owner or a lessee thereof, other than the **Member**, or to any agent or employee of such owner or lessee; or

   (iii) Any person or organization or to any agent or employee thereof engaged in a business of operating buses or other **Automobiles** for the transport of members of the public unless that business is owned by the **Member** and operated by its employees.

   (This **Memorandum** does not provide Underinsured or Uninsured Motorist coverage.); or

F. The **Authority**, its officers and employees while acting in the course and scope of their duties or employment.

No person or entity is a **Protected Party** with respect to the conduct of any current or past partnership, joint venture or joint powers authority (including any separate entity created pursuant to a joint powers agreement). However, for any person who is an official or **Employee** of a **Member,** who participates in the activities of a partnership, joint venture, or joint powers authority and is acting for or on behalf of the **Member** at the time of the **Occurrence**, protection is afforded by this **Memorandum**. Such

coverage shall be in excess of, and shall not contribute with, any collectible insurance, self-insurance or other coverage provided to the other joint powers authority, agency or entity.

Protection Period means the time period shown on the Cover Page of this **Memorandum.**

Public Officials Errors and Omissions means any act, error, omission, misstatement, misleading statement, neglect, or breach of duty by any **Protected Party** in the discharge of that individual's duties for the **Member;** or any matter claimed against any **Protected Party** solely by reason of the individual being or having been an employee of the **Member. Public Officials Errors and Omissions** does not include **Bodily Injury, Property Damage, Personal Injury, Broadcast/Publication Injury,** or **Employment Practices Injury.**

Quiet Zone means a segment of a rail line, within which is situated one or a number of consecutive public highway-rail crossings at which locomotive horns are not routinely sounded. **Quiet Zone** includes partial quiet zone, a segment of a rail line within which is situated one or a number of consecutive public highway-rail grade crossings at which locomotive horns are not routinely sounded for a specified period of time during the evening and/or nighttime hours. **Quiet Zone** also includes all vehicle or pedestrian crossings wherein localized or "wayside" horns have been installed at the crossing in lieu of a locomotive sounding its horn.

Radioactive Contamination Injury means **Bodily Injury** or **Property Damage** caused by or arising from ionizing radiations or contamination by radioactive material.

Railroad means a commercial railway as described by the California Public Utilities Code, Section 229. **Railroad** includes street railroad as described by the California Public Utilities Code, Section 231. **Railroad** does not include amusement railroad rides that do not cross public streets.

Suit means a civil proceeding in which a **Protected Party** is named as a defendant or cross defendant, or an arbitration proceeding or alternative-dispute resolution proceeding to which a **Protected Party** submits with the **Authority's** written consent.

Termination for Cause means dismissal, discharge, termination of employment, or failure to renew a contract for the reasons stated in 29 USC §1111 of the Employee Retirement Income Security Act of 1974. This includes ending the employment of a **City Manager** because the **City Manager** has been convicted of robbery, bribery, extortion, embezzlement, fraud, grand larceny, burglary, arson, a felony violation of a state or federal law regulating a controlled substance (felony drug conviction), murder, rape, kidnapping, perjury, assault with intent to kill, or any felony involving abuse or misuse of the **City Manager's** position to obtain illegal personal gain.

Tort Liability means civil liability that would be imposed by law in the absence of any agreement or contract.

Unemployment Protection Payment means a payment that shall be paid once a month, for a time period not to exceed six months (the "Payment Period") following the **Waiting Period**, that shall equal the amount of the **City Manager's** salary at the time of the termination of employment **Occurrence** plus payment of the **Medical Benefit** less any

amount of compensation earned, while self-employed or as an employee, or any other payment received as a result of the **Occurrence** during the Payment Period.

> "Salary," for purposes of this **Unemployment Protection Payment**, means the regular monthly compensation of the **City Manager**, whether paid monthly, bi-weekly, semi-monthly, or otherwise, and does not include **Benefits**, bonuses, car allowances, expenses, or other allowances, contributions to the Public Employees Retirement System or any deferred compensation payments made on behalf of the **City Manager** by the **Protected Party**.

Waiting Period means a period of time after the termination of employment **Occurrence** equal to the greater of (1) six months or (2) the number of months of salary received by the **City Manager** as a severance payment from the **Member**.

Waiver means a full and complete relinquishment by a **City Manager** of any and all rights to sue a **Protected Party** for any **Benefit**, compensation, injury, or damages, known or unknown, past, present or future, arising out of the employment of, termination of the employment of, or failure to employ the **City Manager**. The **Waiver** must be signed and returned to the **Authority** within 60 days following the termination of employment.

Watercraft means a vessel, more than 25 feet in length, designed to transport persons or property in, on, or through water.

4. EXCLUSIONS

This **Memorandum,** including any obligation to defend or to pay **Defense Costs,** does not apply to:

A. Any **Claim**, **Suit**, liability, alleged liability, loss, cost, or expense caused by or arising out of the ownership, maintenance, use or operation of any **Watercraft**, **Aircraft**, or **Airport** or any air show events sponsored or controlled by the **Protected Party** or conducted on property owned by the **Protected Party.** Protection does apply to use of an **Aircraft** or **Watercraft**, if the **Aircraft** or **Watercraft** is not owned in whole or in part by the **Member** and the **Member** exercises no part in the servicing or maintenance of the **Aircraft** or **Watercraft**. However, this limited protection does not apply to:

(i) Loss, loss of use of, or damage to the **Aircraft** or **Watercraft**; or

(ii) Use of any **Aircraft** or **Watercraft** for hire or reward.

(iii) Public Officials Errors and Omissions coverage

B. Any **Claim**, **Suit**, obligation or alleged obligation for which a **Protected Party** or any insurance company as his/her/its insurer may be held liable under any workers' compensation, unemployment compensation or disability benefits law, or under any similar law.

C. Any **Claim**, **Suit**, liability, alleged liability, loss, cost, or expense for **Bodily Injury** to:

(i) An employee of the **Protected Party** arising out of and in the course of employment by the **Protected Party**; or

(ii) The spouse, child, parent, brother, or sister of that employee as a consequence of paragraph (i) above.

This Exclusion C. applies whether the **Protected Party** may be liable as an employer or in any other capacity, and to any obligation to share damages with or repay someone else who must pay damages because of the injury. However, this exclusion does not apply to liability assumed in a **Protected Contract** or **Limited Protected Contract.**

D. Injury to or destruction of:

(i) Property owned by the **Protected Party**;

(ii) Property rented to or leased to the **Protected Party** where it has assumed liability under any contract for damage to or destruction of such property unless the **Protected Party** would have been liable in the absence of such assumption of liability; or

(iii) Property in the care, custody, or control of any **Protected Party**.

E. Any **Claim**, **Suit**, liability, alleged liability, loss, cost, or expense caused by, arising out of or in any way connected with the operation of the principles of eminent domain, condemnation proceedings, or inverse condemnation, by whatever name called, whether such liability accrues directly against the **Protected Party** or by virtue of any agreement entered into by or on behalf of the **Protected Party**. This Exclusion E. shall not apply to liability, loss, cost or expense arising from **property damage** caused by earth movement, subsidence of land, flooding not caused by the failure of a **Dam** or **Levee**, or sewer backup, even though a legal theory upon which a claimant seeks recovery is the principle of inverse condemnation. This Exclusion E shall not apply when the claim or suit alleges damages arising out of temporary physical measures taken by the **Member** for public safety reasons in an effort to prevent or reduce a loss.

F. Any **Claim**, **Suit**, liability, alleged liability, loss, cost, or expense arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release, escape, or any other forms of exposure to or the presence of **Pollutants/Hazardous Materials** including any **Claim**, **Suit**, liability, alleged liability, loss, cost or expense directly or indirectly caused by or arising out of any:

(i) Request, demand, or order that any **Protected Party** or others test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of **Pollutants/Hazardous Materials**;

(ii) **Claim** or **Suit** by or on behalf of a governmental authority or any other entity or person for costs of or damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, or neutralizing, or in any way responding to, or assessing the effects of **Pollutants/Hazardous Materials**; or

(iii) Actions or steps taken to mitigate damages or to relocate persons, property or business as a result of **Pollutants/Hazardous Materials**.

EXCEPTION TO EXCLUSION, PROTECTION FOR CERTAIN ACCIDENTAL POLLUTION INJURIES. However this Exclusion F. does not apply to **Bodily Injury** or **Property Damage** arising out of or caused by any actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **Pollutants/Hazardous Materials** if:

(i) It was directly caused by **Hostile Fire**, explosion, lightning, windstorm, vandalism or malicious mischief or collision, overturning or upset of a motor vehicle or railroad vehicle; and

(ii) It was accidental and was neither expected nor intended by the **Protected Party**; and

(iii) It was instantaneous and was demonstrable as having commenced at a specific time and date during the term of this **Memorandum**; and

(iv) Its commencement became known to the **Protected Party** within seven days; and

(v) Its commencement was reported in writing to the **Authority** within twenty days of becoming known to the **Protected Party**; and

(vi) Reasonable efforts were expended by the **Protected Party** to correct or terminate the discharge, dispersal, seepage, migration, release, or escape of **Pollutants/Hazardous Materials**.

Nothing contained in this EXCEPTION TO EXCLUSION, PROTECTION FOR CERTAIN ACCIDENTAL POLLUTION INJURIES shall operate to provide any protection or obligation to defend or pay **Defense Costs** with respect to:

(i) Any site or location used by others on the **Protected Party's** behalf for the handling, storage, disposal, dumping, processing, or treatment of waste material. This exclusion applies whether or not the action by others was known to the **Protected Party**;

(ii) Any clean-up costs mandated by the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and any similar laws or statutes;

(iii) Clean up, removal, containment, treatment, detoxification or neutralization of **Pollutants/Hazardous Materials** situated on premises the **Protected Party** currently owns, rents or occupies; or

(iv) Any **Claim**, **Suit**, liability, alleged liability, loss, cost, or expense based upon or arising out of **Personal Injury** or **Public Officials Errors and Omissions.**

G. Any **Claim**, **Suit**, liability, alleged liability, loss, cost, or expense directly or indirectly based on or arising out of the hazardous properties of **Nuclear Material**. However, this exclusion does not apply to **Radioactive Contamination Injury.**

H. Any **Claim**, **Suit**, liability, alleged liability, loss, cost, or expense directly or indirectly caused by any complete or partial failure, interruption or surge in the supply of water, electrical power, gas or fuel, unless such failure, interruption or surge results from sudden and accidental physical destruction of tangible property which is caused by the **Protected Party**.

I. Any **Claim**, **Suit**, liability, alleged liability, loss, cost, or expense arising out of the partial or complete structural failure of a **Dam** or **Levee.**

J. Any **Claim**, **Suit**, liability, alleged liability, loss, cost, or expense caused by, or arising out of, or in connection with the operation of any hospital, clinic (including a mobile clinic), or established health-care facility owned or operated by the **Protected Party**, but protection does apply to liability arising out of the rendering of emergency medical aid by paramedics, emergency medical technicians, or other **Protected Parties** who are not acting in the course of their employment by a hospital, clinic, or established health-care facility. Protection also applies for liability arising out of the operation of any hospital, clinic (including a mobile clinic) or established health care facility, owned and operated by the **Protected Party** for animal care and control purposes.

K. Any **Claim, Suit**, liability, alleged liability, loss, cost, or expense caused by or arising out of or in connection with:

(i) the ownership, maintenance, use, or operation by the **Protected Party** of any **Railroad**; or

(ii) the establishment, designation, or implementation of a **Quiet Zone**.

L. Any **Claim, Suit**, liability, alleged liability, loss, cost, or expense caused by, based upon or arising out of the Employee Retirement Income Security Act of 1974, Public Law 93-406, or any amendment or addition thereto, or any statute or common law rule which imposes fiduciary duties and responsibilities with respect to employee benefits or retirement plans; however this exclusion does not apply to liability protected under **Employee Benefit Administration Liability**.

M. Any **Claim**, **Suit**, liability, or alleged liability for punitive or exemplary damages or fines or other damages imposed primarily for the sake of example and by way of punishing the **Protected Party**, including liability of a **Member** to defend or pay damages where the governing body thereof has elected to provide a defense or pay damages for a **Claim**, action or judgment for punitive or exemplary damages.

N. Any **Claim**, **Suit**, liability, alleged liability, loss, cost, or expense caused by the intentional conduct of a P**rotected Party** with willful and conscious disregard of the rights or safety of other or with malice. However, where the **Protected Party** did not authorize, ratify, participate in, consent to or have knowledge of such conduct

by its past or present **Employee**, elected or appointed official or volunteer and the claim against the **Protected Party** is based solely on its vicarious liability arising from its relationship with such **Employee**, elected or appointed official or volunteer, this exclusion does not apply to that **Protected Party**.

O. Any **Claim**, **Suit**, liability, alleged liability, loss, cost, or expense caused by or arising out of any violation of state or federal antitrust or restraint-of-trade laws.

P. Any **Claim**, **Suit**, liability, alleged liability, loss, cost, or expense arising out of:

(i) the adoption or administration of any ordinance, resolution or regulation; or

(ii) the approval or disapproval of any land-use entitlement including but not limited to general plan amendments, zoning amendments, conditional-use permits, tract maps, development agreements, owner-participation agreements, or disposition-and-development agreements; or

(iii) the approval or disapproval of any rent control ordinance, outdoor advertising ordinance, or adult bookstore ordinance; or

(iv) the approval or disapproval of the operation of a medical marijuana dispensary, any ordinances governing that activity and any and all enforcement efforts.

This exclusion shall not apply to claims of neglect or failure to enforce any law.

Q. Any **Claim**, **Suit**, liability, alleged liability, loss, cost, or expense including **Tort Liability:**

(i) Arising out of or as a consequence of an actual or alleged breach of any contract or agreement;

(ii) For any amount actually or allegedly due under the terms of any contract or agreement; or

(iii) Arising out of or as a consequence of the failure, refusal, or inability of a **Protected Party** or anyone acting on behalf of a **Protected Party** to enter into or renew any contract or agreement.

However, this Exclusion P. shall not apply to **Tort Liability** imposed by law for **Damages** caused by, arising out of, or as a consequence of failure or delay by a **Protected Party** or anyone acting on behalf of a **Protected Party** to fully perform any duties or obligations under any contract or agreement.

As used in this Exclusion P., the term “contract or agreement” shall include but not be limited to a **Protected Contract** or **Limited Protected Contract**.

R. Any **Claim**, **Suit**, liability, alleged liability, loss, cost, or expense for declaratory, injunctive, equitable or other relief, writs of mandate or prohibition or other prerogative writs, or other relief not seeking **Damages**. This includes any expense or cost incurred by a **Protected Party** arising from the cost of reasonable accommodation of any disabled person, including any **Employee**.

S. Any **Claim**, **Suit**, liability, alleged liability, loss, cost, or expense for **Personal Injury** or **Broadcast/Publication Injury** directly or indirectly caused by or arising out of any:

(i) Oral or written publication of material, if done by or at the direction of the **Protected Party** with knowledge of its falsity;

(ii) Oral or written publication of material whose first publication took place before the beginning of the **Protection Period**; or

(iii) Act, omission, or offense committed by a **Protected Party** with actual malice.

T. Any liability for which the **Protected Party** is obligated to pay damages by reason of liability assumed in a contract or agreement. This Exclusion does not apply to liability for **Bodily Injury** or **Property Damage**:

(i) Assumed in a contract or agreement that is a **Protected Contract** or **Limited Protected Contract**; or

(ii) That the **Protected Party** would have independent of a written contract or agreement.

U. Any **Claim** or **Suit** by a **Member** against a **Protected Party**, except that this section shall not apply to a **Claim** or **Suit** brought against the **Authority**.

V. Any **Claim** or **Suit** by a **Member** against another **Member**.

W. Any **Claim**, **Suit**, liability, alleged liability, loss, cost, or expense based upon or arising out of:

(i) Loss of, loss of use of, injury to, destruction of, diminution of value of, disappearance of, or costs of recovery of any money or securities, or any financial loss or default;

(ii) Refunds of taxes, fees, or assessments;

(iii) The issuance, management of proceeds or repayment of bonds, notes or other debt instruments by any **Member** or any agent acting on behalf of such **Member**; or

(iv) The purchase, transfer, or sale of any securities by any **Member** or agent acting on behalf of such **Member**.

X. Any **Claim**, **Suit**, liability, alleged liability, loss, cost, or expense for **Public Officials Errors and Omissions Liability** based upon or arising out of:

(i) Liability of any **Protected Party** arising out of estimates of probable costs or cost estimates being exceeded or for faulty preparation of bid specifications or plans including liability for mechanic's lien claims, stop notice claims, change order claims, site differential claims, or similar claims for the value of services or materials provided; this exclusion extends to such claims, however denominated, including claims of breach of oral or written contract, third party beneficiary claims, quantum meruit claims, and/or open account claims;

(ii) Any **Protected Party** obtaining remuneration or financial gain to which the **Protected Party** is or was not legally entitled;

(iii) Liability assumed by a **Protected Party** in a contract or agreement, but this exclusion does not apply to liability for **Damages** that the **Protected Party** would have independent of the contract or agreement; or

(iv) Willful violation of penal code or ordinance committed by or with the knowledge or consent of any **Protected Party**.

Y. Under **Employment Practices Injury,** any **Claim**, **Suit**, liability, alleged liability, loss, cost, or expense that:

(i) Constitutes benefits due or to become due or the equivalent value of such benefits, including but not limited to perquisites, fringe benefits, payments in connection with an employee benefits plan, or any other payment other than salary or wages to or for the benefit of an **Employee** arising out of the employment relationship;

(ii) Is representative of back salary either unpaid in whole or part or paid at an improper rate to an **Employee** by the **Member**;

(iii) Is based upon, arises from, or is in consequence of the employment reinstatement of the claimant by the **Member** or the continued employment of the claimant;

(iv) Is based upon, arises from, or is a consequence of an **Occurrence** that began prior to this **Memorandum's Protection Period**;

(v) Constitutes front pay, future damages or other future economic relief or the equivalent thereof, if the **Member** is ordered to reinstate the **Employee** pursuant to a judgment or other final adjudication, but fails to do so; or

(vi) Is based upon, arises from or is in consequence of an actual or alleged violation of the responsibilities, obligations or duties imposed by the Employee Retirement Income Security Act of 1974, the Fair Labor Standards Act, the National Labor Relations Act, the Worker Adjustment and Retraining Notification Act, the Consolidated Omnibus Budget Reconciliation Act of 1985, the Occupational Safety and Health Act, rules or regulations promulgated there under and amendments thereto or similar provisions of any federal, state, or local statutory law or common law.

However, with respect to the exclusions listed in items (i) through (vi) immediately above, no fact pertaining to or knowledge possessed by any **Protected Party** shall be imputed to any other **Protected Party** to determine if protection is available under this **Memorandum**.

Z. Any **Claim**, **Suit**, liability, alleged liability, loss, cost, or expense for **Employee Benefit Administration Liability** based upon or arising out of:

(i) Any dishonest, fraudulent, criminal or malicious act, libel, slander, discrimination, or humiliation;

(ii) Failure of performance of contract by an insurer;

(iii) Failure of any investment plan to perform as represented by a **Protected Party**;

(iv) Advice given by a **Protected Party** to an **Employee** to participate or not participate in subscription plans; or

(v) The inability of any **Employee Benefits Program** to meet its obligations due to insolvency or inadequacy of funding.

AA. Any **Claim**, **Suit**, liability, alleged liability, loss, cost, or expense for termination of a **City Manager's** employment based upon or arising out of:

(i) Termination for Cause;

(ii) Lack of a duly executed **Waiver**; or

(iii) Lack of a duly executed **Certification**.

5. CONDITIONS AND RESPONSIBILITIES

A. *Inspection and Audit*

The **Authority** shall be permitted but not obligated to inspect the **Protected Party's** property and operations at any time. Neither the **Authority's** right to make inspections nor the making thereof nor any report hereon shall constitute an undertaking, on behalf of or for the benefit of the **Protected Party** or others, to determine or warrant that such property or operations are safe or healthful, or are in compliance with any law, rule or regulations. The **Authority** may examine and audit the **Protected Party's** books and records at any time during the **Protection Period** and extensions thereof and within three years after the final termination of this **Program**, as far as they relate to the subject matter of this **Memorandum**.

B. *Severability of Interest*

The term **Protected Party** is used severally and not collectively, and the protection afforded applies to each **Protected Party** against whom a **Claim** is made as if a separate **Memorandum** were issued to it, but the inclusion herein of more than one **Protected Party** shall not operate to increase the per **Member** *Protection Limit*.

C. *Protected Party's Duties in the Event of Occurrence, Claim or Suit*

(i) In the event of any **Occurrence**, written notice containing particulars sufficient to identify the **Protected Party** and also reasonably obtainable information with respect to the time, place, and circumstances thereof, and the names and addresses of the injured and of available witnesses, shall be given by or for the **Protected Party** to the **Authority's** Claims Administrator as soon as practicable.

(ii) If a **Claim** is made against a **Protected Party**, the **Protected Party** shall immediately forward to the **Authority's** Claims Administrator every demand, notice, summons or other process received by the **Protected Party** or the **Protected Party's** representative.

(iii) The **Authority's** Claims Administrator will review the **Claim**, undertake whatever investigation is indicated, and take appropriate action, depending on the circumstances. A **Claim** may be returned to claimant as "insufficient," if

it does not contain minimum and essential information about the incident or the identity of the claimant. A **Claim** may also be returned as "late," if the prescribed time for filing has been exceeded. The Claims Administrator may request that the **Member** reject the **Claim**, or take no action until further notice, or such actions may be taken by the Claims Administrator if claims handling authority has been delegated to the **Authority** by the **Member**.

(iv) The **Protected Party** shall cooperate with the **Authority** and, upon the **Authority's** request, assist in making settlements, in the conduct of **Suits**, and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the **Protected Party** because of injury or damage with respect to which protection, including any **Defense** obligation, is afforded under this **Memorandum**; and the **Protected Party** shall not, except at the **Protected Party's** own cost, voluntarily make any payment, assume any obligation or incur any expense. No **Claim** shall be settled without the prior written consent of the **Authority**, and the **Authority** shall not be required to contribute to any settlement to which it has not consented.

D. ***Other Protection***

If collectible insurance or any other coverage or protection with any insurer, any permissibly self-insured general employer, joint powers insurance authority or any other source is available to the **Protected Party** covering a loss also protected hereunder (whether on a primary, excess or contingent basis), the protection hereunder (including any **Defense** obligation) shall be in excess of, and shall not contribute with, such insurance or other coverage or protection, provided that this clause does not apply with respect to any insurance purchased by a **Protected Party** specifically to be in excess of this **Memorandum**. Under no circumstances shall the protection afforded by this **Program** be considered primary, pro rata, concurrent or co-existent with such insurance, coverage, or other protection, unless agreed to by the **Member** through a written agreement approved by the **Authority** through the issuance of an evidence of coverage letter prior to a loss.

E. ***Termination or Amendment***

This **Memorandum** may be terminated or amended at any time in accordance with the Joint Powers Agreement and Bylaws of the **Authority**. The Executive Committee may adopt exclusions of coverage, copayments or deductibles for actions or omissions of a **Member** that are deemed to be a risk to the program. Such exclusions, copayments or deductibles may be imposed immediately upon adoption by the Executive Committee or as a consequence of a **Member's** failure to adhere to an approved Performance Improvement Plan.

F. ***Changes***

Notice to any agent or knowledge possessed by any agent of the **Authority** or by any other person shall not effect a waiver of or a change in any part of this **Memorandum**, nor shall the terms of this **Memorandum** be waived or changed, except by a written addendum issued by the **Authority** to form a part of this **Memorandum**.

G. ***Subrogation***

The **Authority** shall reserve the right to subrogate for any payments made hereunder and to assume the **Protected Party's** recovery rights. The **Protected Party** shall do nothing after loss to prejudice such rights and shall do everything necessary to secure such rights. The **Protected Party** may waive subrogation rights, but only through written agreement executed before the **Occurrence** giving rise to the loss. The **Authority** shall have standing to seek subrogation recovery in its own name or in the name of the **Protected Party**, and the **Protected Party** shall cooperate with and assist the **Authority** in pursuing such recovery, including assigning its right to recover subrogated amounts, and if necessary executing a written agreement to effect such assignment. Any amount so recovered shall be apportioned as follows:

(i) The **Authority** shall be reimbursed to the extent of all payment under this **Memorandum**. Any remaining balance shall be applied to reimburse the **Protected Party**;

(ii) The expenses of such recovery proceedings shall be apportioned in the ratio of respective recoveries. If there is no recovery in proceedings conducted solely by the **Authority**, the **Authority** shall bear the expenses thereof.

H. ***Assignment***

Assignment of interest under this **Memorandum** shall not bind the **Authority** until its consent is endorsed hereon; if, however, the **Member** shall be adjudged bankrupt or insolvent, such protection and **Defense** obligations as are afforded by this **Memorandum** shall apply (a) to **Member's** legal representative, as the **Member**, but only while acting within the scope of said representative's duties as such, and (b) with respect to the property of the **Member**, to the person having proper temporary custody thereof, as a **Protected Party**, but only until the appointment and qualification of a legal representative.

I. ***Joint Powers Agreement***

The provisions of this **Memorandum** are subject to and subordinate to the terms and provisions of the Agreement creating the **Authority**, and in the event of any conflict between the terms and provisions of said Agreement and this **Memorandum**, the terms and provisions of the Agreement shall control.

J. ***Appeal of Disputes***

No party is entitled to appeal or arbitrate claims under this **Memorandum** other than the **Member**. Specifically, **Employees** are not intended to be third party beneficiaries of this agreement and shall have no right to bring an action against the **Authority** for a declaration of rights to protection under this **Memorandum**. The sole remedy of any **Employee** shall be the **Employee's** right to defense or indemnity against the employing **Member** under the provisions of the California Government Code.

Any disputes concerning coverage, protection, **Defense** obligations, or procedures of the **Program**, as interpreted by the **Authority's** staff, shall be appealed to the **Authority's** Executive Committee in accordance with the following procedures.

(i) A written notice that a **Claim** is not covered by the **Memorandum** will normally be provided to the **Member** by the Claims Administrator. A **Member** may request any determination of a lack of coverage made by the Claims Administrator to be reviewed by the Chief Executive Officer. Such a request shall be in writing and must be made within 90 days of the date of the written notice from the Claims Administrator.

(ii) Upon request, the Chief Executive Officer shall review a determination of a lack of coverage made by the Claims Administrator or **Authority** staff and shall send to the **Member** a written determination of coverage.

(iii) If a **Member** disagrees with the coverage determination by the Chief Executive Officer, the **Member** may appeal the decision to the Appeals Committee. The Appeals Committee consists of the Executive Committee and the chairs of the Managers and Finance Officers Committees. Appeals must be in writing within 90 days of the date of the Chief Executive Officer's written decision. The appeal request must state why the **Member** disagrees with the denial, and the **Member** should present any information that may have a bearing on the ultimate determination of coverage.

(iv) The appeal request shall be presented by **Authority** staff to the Appeals Committee, on a regularly scheduled Executive Committee meeting day, allowing time for sufficient review and agenda deadlines. Staff shall notify the **Member** in advance of the meeting at which its appeal will be presented.

(v) If the **Member** would like to personally address the Appeals Committee, the **Member** or the **Member's** representative may attend the meeting and speak to the issue.

(vi) The Appeals Committee may refer the appeal to the Coverage Committee and consider the recommendation of the Coverage Committee during its deliberation on the appeal. The Appeals Committee's decision is final. **Authority** staff will notify the **Member** of the Appeals Committee's decision in writing.

(vii) Following a final determination regarding a **Claim**, consideration of the decision may be reopened at the request of the **Member** if circumstances change as follows: (1) a new and distinct **Claim** arising out of the prior **Occurrence** is presented to the **Member**, or (2) new and distinct causes of action are added to the **Claim**. If the new **Claim** or causes of action are reasonably thought by the **Member** to be covered, the Appeals Committee will reconsider the issue, in accordance with the procedure in this paragraph J., upon request. Any request for such reconsideration must be in writing within 90 days of the notice to the **Member** of the new **Claim** or cause of action.

If a **Member** disputes a coverage issue relating to the application or scope of an exclusion, then, during the course of the administrative and arbitration proceedings provided herein, only upon the request of the **Member**, the **Authority** shall defend the

Claim against the **Member** and have the right to control any settlement of that **Claim**, subject to the right of the **Authority** to recover from the **Member** any amounts paid out by the **Authority** for such defense or settlement which are finally determined by the Appeals Committee, or as a result of the Binding Arbitration Process, not to be owed by the **Authority** under the **Program**. If the **Member** does not elect to request such a defense, **Defense Costs** incurred during the coverage appeal shall be at the sole cost and expense of the **Member.**

K. ***Arbitration***

If the **Member** has followed the coverage Appeals Procedure outlined in 5.J. ***Appeal of Disputes*** and disagrees with the final determination of the Appeals Committee, the **Member** may request consideration of the coverage issue through the **Authority's** Binding Arbitration Process.

The Arbitration process shall be as follows:

(i) Following a decision by the Appeals Committee, the appealing **Member** shall notify the Chief Executive Officer in writing, within 30 days of the Appeals Committee's final decision, that it wishes to participate in Binding Arbitration and shall submit a non-refundable $1,000 arbitration appeal fee. The written notice shall specify the grounds for the arbitration.

(ii) Following payment of the arbitration appeals fee, the name of each **Member**, other than the appealing **Member** and the **Members** represented on the Appeals Committee, shall be placed in an unmarked envelope. Each envelope shall be placed in a box and eleven envelopes shall be drawn by the Chief Executive Officer. A representative of the appealing **Member** may be present at the drawing.

(iii) The **City Managers** of the eleven **Members** shall be the pool of potential arbitrators. The eleven **Members** and the names of their **City Managers** shall be given in writing to the appealing **Member**.

(iv) The appealing **Member** shall have the right to strike two or less names from the pool for any reason which shall not be disclosed. The **Authority** shall have the right to strike two or less names from the pool for any reason which shall not be disclosed. The appealing **Member** and the **Authority** must strike names within five business days of the drawing. The right of either party to strike names shall lapse at 5:00 PM on the fifth day following the drawing. Notice of names stricken by either party shall be given in writing to the other party prior to 5:00 PM on the fifth day following the drawing.

(v) The remaining **City Managers** shall be contacted by the Chief Executive Officer to determine their willingness to serve on the arbitration panel. If more than five are willing to serve, each name shall be placed in an unmarked envelope, put in a box, and the Chief Executive Officer shall draw five envelopes from the box. The individuals whose names are drawn shall be the arbitration panel and they shall be disclosed in writing to the appealing **Member**.

(vi) If only five are willing to serve, they shall be the arbitration panel.

(vii) If fewer than five are willing to serve, the name of each member not drawn in the previous selection drawing shall be placed in an unmarked envelope, put in a box, and four envelopes shall be drawn for each arbitration panel position needed to have a five-member panel. A representative of the appealing **Member** may be present at the drawing. The names drawn shall be disclosed to the appealing **Member** who may reject, for any reason which shall not be disclosed, one name for each four names drawn. The **Authority** may also reject one name for each four names drawn and shall not disclose the reason. Names rejected by the appealing **Member** and the **Authority** must be rejected within 48-hours of the drawing. The right to reject names shall lapse 48-hours following the drawing.

(viii) The **City Managers** of the **Members** remaining shall be contacted by the Chief Executive Officer to determine their willingness to serve on the arbitration panel. The names of those willing to serve shall be placed in unmarked envelopes, put in a box, and the number necessary to fill out the arbitration panel shall be drawn by the Chief Executive Officer and disclosed in writing to the appealing **Member**. A representative of the appealing **Member** may be present at the drawing.

(ix) This process shall be repeated until five members are obtained for the arbitration panel.

(x) The arbitration panel members shall be compensated at the rate of $125 per half-day or portion thereof. If a panel member is required to stay away from home overnight, lodging shall be paid by the **Authority**. Necessary meals shall be provided for all panel members. Mileage costs shall be reimbursed by the **Authority** at its standard rate.

(xi) The cost of the arbitration panel shall be borne by the **Authority**. The cost of presentation by the appealing **Member**, including preparation, exhibits, attorneys, and all other costs of the **Member** shall be paid by the **Member**.

(xii) The arbitration panel may request legal counsel that shall be selected by the Chief Executive Officer and paid for by the **Authority**. Legal counsel shall not be the counsel for the **Authority** that has advised the staff and Executive Committee. However, counsel for the **Authority** may participate in or make the presentation to the arbitration panel on behalf of the **Authority**, as requested by the Chief Executive Officer.

(xiii) The parties to the arbitration shall not be governed by formal rules of evidence.

(xiv) The arbitration panel's decision shall be final and binding on the **Member** and the **Authority**. Decisions of the arbitration panel shall be by majority vote.

(xv) The decision of the arbitration panel shall be written and shall govern the issue decided but may be referred to by the **Authority** and future arbitration panels for precedent.

AGENDA ITEM 11 - ATTACHMENT C