



**EMPLOYMENT RISK MANAGEMENT AUTHORITY (ERMA)
COVERAGE COMMITTEE MEETING
AGENDA**

**Monday, March 29, 2021
11:00 a.m.**

Zoom

**Dial-in Number: (669) 900-6833
Meeting ID: 810 0903 8947
Passcode: 579126
[Meeting Link](#)**

All portions of this meeting will be conducted by teleconferencing in accordance with the State of California Executive Order N-29-20.

Members of the public may observe and listen to the meeting telephonically. No physical location will be available from which members of the public may observe the meeting and offer public comment. Public comments may be submitted in advance of the meeting to mona.hedin@sedgwick.com no later than 5:00 p.m. on Friday, March 26, 2021. If a member of the public would like to address the Committee during the meeting, the person may email Ms. Hedin during the meeting and, if timely received, Ms. Hedin will read or summarize the email to the Committee members.

In compliance with the Americans with Disabilities Act, if you need a disability-related modification or accommodation to participate in this meeting, please contact Ms. Hedin. Requests must be made as early as possible, and preferably at least one full business day before the start of the meeting.

Documents and materials relating to an open session agenda item that are provided to the Committee less than 72 hours prior to a regular meeting will be available for public inspection. Please contact Ms. Hedin at (916) 290-4645 or mona.hedin@sedgwick.com.

- Page**
- 1. CALL TO ORDER; ROLL CALL**
 - 2. APPROVAL OF AGENDA AS POSTED (OR AMENDED)**
 - 3. PUBLIC COMMENTS** - The Public may submit any questions in advance of the meeting by contacting Mona Hedin at: mona.hedin@sedgwick.com. This time is reserved for members of the public to address the Board relative to matters of the ERMA not on the agenda. No action may be taken on non-agenda items unless authorized by law.

4. CONSENT CALENDAR

If a Committee member would like to discuss any item listed, it may be pulled from the Consent Calendar.

- 4** *A. Minutes of the January 21, 2021, Coverage Committee Meeting
 Recommendation: Approval of the Consent Calendar.

5. COVERAGE MATTERS

- 8** A. Discussion Regarding City of Victorville (PERMA) Appeal of Denial of Coverage
 Recommendation: Staff recommends the Coverage Committee provide direction as necessary.
- 9** *B. Discussion Regarding Application of Training Compliance Penalties
 Recommendation: Staff recommends the Coverage Committee provide direction as necessary.

6. CLOSING COMMENTS

This time is reserved for comments by the Committee members and staff and to identify matters for future Committee business.

- A. Committee
- B. Staff

7. ADJOURNMENT

CONSENT CALENDAR

SUBJECT: Consent Calendar

BACKGROUND AND STATUS:

The Consent Calendar consists of items that require approval or acceptance but are self-explanatory and require no discussion. If the Committee would like to discuss any item listed, it may be pulled from the Consent Calendar.

RECOMMENDATION:

Approval of the Consent Calendar.

REFERENCE MATERIAL ATTACHED:

- Minutes of the January 21, 2021, Coverage Committee Meeting

EMPLOYMENT RISK MANAGEMENT AUTHORITY (ERMA)

**MINUTES OF THE BOARD OF THE COVERAGE COMMITTEE MEETING
OF JANUARY 21, 2021**

An ERMA Coverage Committee Meeting was held on January 21, 2021, all portions of this meeting were conducted via Webex in accordance with Government Code Section 54953(b). The meeting was conducted under Governor Gavin Newsom's Executive Order N-25-20 wherein public noticing of teleconference locations for each meeting participant is suspended.

COMMITTEE MEMBERS PRESENT: John Gillison, President, PARSAC
Truc Dever, Vice President, VCJPA
Stuart Schillinger, Treasurer, BCJPIA

COMMITTEE MEMBERS ABSENT: *None*

OTHERS PRESENT: Jennifer Jobe, Executive Director
Mona Hedin, Analyst/Training Coordinator
Doug Alliston, General Counsel

1. CALL TO ORDER/ROLL CALL

The January 21, 2021, ERMA Coverage Committee Meeting was called to order at 1:13 p.m., by President John Gillison. Roll call was taken, and it was determined a quorum was present.

2. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

Truc Dever moved to approve the agenda as posted. Seconded by Stuart Schillinger. The motion passed unanimously.

3. PUBLIC COMMENTS

None

4. CONSENT CALENDAR

Truc Dever moved to approve the Consent Calendar. Seconded by Stuart Schillinger. The motion passed unanimously.

5. COVERAGE MATTERS

A. Discussion and Review of Proposed Changes to Resolution Requiring Members to Provide Proof of Compliance with Training Mandated by State Law

Jennifer Jobe, Executive Director, advised Resolution No. 2020-1, Requiring Members to Provide Proof of Compliance with Training Mandated by State Law has periodically been revised due to coverage and legislative changes since originally adopted in April 2006. She stated the most recent revision was approved by the Board at the February 2020 meeting, and noted staff recently conducted an additional review.

Ms. Jobe directed the Committee's attention to page 2 of the Resolution, that states:

"For any Claim, as such term is defined in ERMA's Memorandum of Coverage, that is submitted to ERMA by an underlying member which relates to the subject matter of California Government Code §12950.1, each underlying member is required to provide ERMA with documentation evidencing they have substantially complied with as the training requirements mandated by said code section. Substantial compliance is defined as having 90% of all employees and elected officials trained in compliance with §12950.1 as of the date of occurrence of the Claim."

The Committee discussed references to the term "substantial compliance," and determined use of the term as defined, should remain.

Ms. Jobe noted further review was required of the penalty structure included within the Resolution for failure to comply with mandated training:

"Any underlying member that fails to comply with the mandated sexual harassment training or fails to provide ERMA with documentation evidencing compliance will have its retained limit increased by 100% for the submitted claim."

The Committee discussed a revision wherein application of the existing penalty structure for late reporting of claims for members who are non-compliant with training requirements. The discussion continued regarding member agencies who are frequently non-compliant. The Committee directed staff to outline an expanded penalty structure for review and consideration at a future Committee meeting.

Stuart Schillinger moved to approve Resolution No. 2020-1, Requiring Members to Provide Proof of Compliance with Training Mandated by State Law, as presented. Seconded by John Gillison. The motion passed unanimously.

B. Review of Proposed Revisions to the Memorandum of Coverage for the 2020/21 Program Year, Effective January 1, 2021

Ms. Jobe stated the language contained in Resolution No. 2020-1 pertaining to the penalty structure for non-compliance with mandated training, is also included in the Memorandum of Coverage (MOC) for the 2020/21 Program Year.

She noted that although revisions to the MOC do not typically occur mid-program year, a modification is necessary due to the proposed amendments to Resolution No. 2020-1.

Ms. Jobe further noted Resolution No. 2020-1 amendments and the MOC align with the requirements of Senate Bill 778 for employers to comply with all training requirements by January 1, 2021.

John Gillison moved to approve the proposed revisions to the Memorandum of Coverage for the 2020/21 Program Year, Effective January 1, 2021. Seconded by Truc Dever. The motion passed unanimously.

C. Consideration of Additional Self-Insured Retention Option

Ms. Jobe noted member agencies are currently able to select from six self-insured retention (SIR) options, based upon total payroll — \$25,000; \$50,000; \$75,000; \$100,000; \$250,000; and \$500,000.

She further noted the Public Agency Risk Sharing Authority of California (PARSAC) and the Redwood Empire Municipal Insurance Fund (REMIF) impending merger and plan to form the California Intergovernmental Risk Sharing Authority (CIRA), effective July 1, 2021. She advised REMIF is comprised of fifteen member cities located throughout Sonoma, Mendocino, and Humboldt Counties, all of whom intend to apply for participation in ERMA as underlying members of CIRA.

Ms. Jobe stated that based upon CIRA's planned coverage structure, ERMA was asked to consider the addition of a \$350,000 SIR beginning in the 2021/22 Program Year. She noted the SIR for PARSAC's existing underlying members range from \$25,000 to \$250,000, and should the Board approve an additional \$350,000 SIR option, PARSAC's underlying members will move to the increased retention collectively under CIRA, thus reducing ERMA's overall exposure.

Ms. Jobe noted that with the approval of an additional SIR, staff will direct the actuary to develop a funding rate based upon a \$350,000 SIR for the coming program year.

Stuart Schillinger moved to approve the addition of a \$350,000 Self-Insured Retention option, beginning July 1, 2021. Seconded by Truc Dever. The motion passed unanimously.

D. Discussion Regarding Personnel Policies and Procedures Compliance

Ms. Jobe stated participating members of ERMA are required to maintain personnel policies and procedures that are regularly updated and reviewed by legal counsel. She also stated that upon application to ERMA, prospective members are required to provide information regarding existing policies and procedures such as compliance with California Government Code and whether policies are regularly reviewed by legal counsel.

Ms. Jobe noted the Board allocated funds in the 2017/18 program year, which allowed members to engage in a formal review of existing policies by one of ERMA's strategic partner law firms. She advised the review process resulted in recommended action memorandums issued to the member agencies that outlined necessary policy updates, training deficiencies and other associated risks. She stated that although staff has not conducted any member agency follow-up, access to reduced hourly rates for policy-related legal review, along with additional funding sources, remains available to member agencies that participated in the review program.

The Committee discussed member agency challenges associated with policy updates as they relate to various time and financial constraints. Discussion continued regarding the Committee's interest in development of a program whereby members are incentivized to demonstrate inclusion and transparency through up-to-date personnel policies and procedures which are regularly reviewed by legal counsel. Staff was directed to outline and present program options for review and consideration at a future Committee meeting.

E. Discussion and Review of Underwriting Guidelines

Ms. Jobe noted at the February 2020 Annual Workshop, the Board of Directors established a goal to review the payroll threshold for individual members interested in participation in ERMA.

Ms. Jobe recommended the Committee continue to regularly evaluate the Underwriting Guidelines and reviewed changes implemented in 2012 and 2014:

- Implementation of minimum payroll thresholds for program participation; and
- Submission of agency financials.

Ms. Jobe discussed the Board's previously stated desire to retain the program's identity as a "pool of pools" and recommended the Committee consider implementation of a significant increase to the minimum payroll requirement for individual members. Discussion ensued regarding the established payroll guidelines for both individual and underlying JPA members, resulting in direction to staff to present recommended revisions for the Committee's review and consideration at a future meeting.

6. CLOSING COMMENTS

A. Board of Directors

None

B. Staff

None

7. ADJOURNMENT

The January 21, 2021, ERMA Coverage Committee meeting adjourned at 2:20 p.m. by general consent.

Mona Hedin

Mona Hedin, Board Secretary

COVERAGE MATTERS

SUBJECT: Discussion Regarding City of Victorville (PERMA) Appeal of Denial of Coverage

BACKGROUND AND STATUS:

The City of Victorville, an underlying member of PERMA, reported a complaint which upon initial review, did not include any alleged wrongful employment practices. As such, a coverage denial letter was issued by Doug Alliston, Board Counsel, on December 31, 2020. The letter began the 90-day period for the City to appeal ERMA's denial of coverage. Subsequent correspondence took place between the City, PERMA, and ERMA, culminating in a February 11, 2021, notice from PERMA advising of their wish to preserve the right to appeal pending further anticipated development of the complaint.

Additional correspondence between the City, PERMA, and ERMA resulted in staff's agreement to present the City's request for a stay of the appeal to the Committee for consideration prior to expiration of the 90-day appeal period. Should ERMA agree to stay the appeal period, the City will in kind, agree to notify ERMA within ten business days of receipt of any notice of change in the procedural status, venue, or nature of the complainant's allegations so that ERMA may re-evaluate coverage to best protect the City's and ERMA's joint interests.

Mr. Alliston will provide additional information and answer questions from the Committee.

RECOMMENDATION:

Staff recommends the Coverage Committee provide direction as necessary.

COVERAGE MATTERS

SUBJECT: Discussion Regarding Application of Training Compliance Penalties

BACKGROUND AND STATUS:

At the February 11, 2021, Board meeting, Resolution No. 2021-3, Requiring Members to Provide Proof of Compliance with Training Mandated by State Law (Resolution) was approved. The Resolution revised the penalty for non-compliance with training mandates from a 100% increase of the member's SIR to a tiered percentage increase of the member's SIR, as follows:

SIR	Penalty	% of Penalty to SIR
\$25,000	\$6,250	25%
\$50,000	\$12,500	25%
\$75,000	\$18,750	25%
\$100,000	\$25,000	25%
\$250,000	\$37,500	15%
\$500,000	\$50,000	10%

As the penalty for non-compliance with training mandates is also referenced in the Memorandum of Coverage (MOC), the Board approved revisions to the penalty structure in the MOC, effective January 1, 2021.

Time is reserved on the agenda for the Committee to discuss the application of the penalty for members presenting claims who proved to be non-compliant with training mandates prior to the Board's approval of Resolution No. 2021-3.

RECOMMENDATION:

Staff recommends the Coverage Committee provide direction as necessary.

REFERENCE MATERIAL ATTACHED:

- Resolution 2021-3, Requiring Members to Provide Proof of Compliance with Training Mandated by State Law
- Memorandum of Coverage, effective January 1, 2021

RESOLUTION NO. 2021-3

RESOLUTION OF THE BOARD OF DIRECTORS OF THE EMPLOYMENT RISK MANAGEMENT AUTHORITY REQUIRING MEMBERS TO PROVIDE PROOF OF COMPLIANCE WITH TRAINING MANDATED BY STATE LAW

WHEREAS, the Employment Risk Management Authority, hereinafter ERMA, is a Joint Powers Authority organized and existing in accordance with the laws of the State of California;

WHEREAS, one of the functions of ERMA is to operate a “Pooled Wrongful Employment Practices” “risk sharing” program;

WHEREAS, it is in the best interests of the ERMA members to ensure that all underlying members comply with the minimum training requirements mandated by state law;

WHEREAS, the Board previously adopted Resolution No. 2020-01 to ensure that all ERMA members complied with sexual harassment training mandated by state law (Government Code §12950.1) and to establish a compliance program in which underlying members would be required to establish proof of compliance with such training to avoid penalties for noncompliance; and

WHEREAS, the Legislature has addressed conduct other than sexual harassment in Government Code § 12950.1, and this Resolution reflecting such scope is therefore appropriate.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors as follows: This

Resolution 2021-3 supersedes Resolution 2020-1.

Senate Bill 778 extends the deadline from January 1, 2020 to January 1, 2021 for all employers with five or more employees to provide: 1) At least two hours of sexual harassment prevention training to all supervisory employees and elected officials and 2) At least one hour of sexual harassment prevention training to all non-supervisory employees. New employees should be trained within six months of appointment to a supervisory position. Thereafter, employees must be provided with refresher training once every two years. Temporary and/or seasonal employees must receive harassment prevention training by January 1, 2021.

Such training is required to address sexual harassment as well as harassment based on gender identity, gender expression, and sexual orientation; “abusive conduct” as defined; and more generally address unlawful discrimination, harassment and retaliation.

In an effort to ensure mandated training requirements are met, ERMA staff will monitor participation of live and online training for ERMA members via an established self- certification process, beginning January 1, 2021.

For any *Claim*, as such term is defined in ERMA’s Memorandum of Coverage, that is submitted

to ERMA by an underlying member which relates to the subject matter of California Government Code §12950.1, each underlying member is required to provide ERMA with documentation evidencing they have substantially complied with as the training requirements mandated by said code section. Substantial compliance is defined as having 90% of all employees and elected officials trained in compliance with §12950.1 as of the date of occurrence of the *Claim*.

At the time the Claim is submitted, and at the request of an ERMA representative, the underlying member shall within 30 days provide an attestation that the following occurred:

1. The underlying member is in compliance with the training and education requirements set forth in California Government Code §12950.1 and the regulations of the Fair Employment and Housing Commission relating thereto;
2. The underlying member documented the date of the training for each employee;
3. The underlying member retained a description of the course (including content and duration) and the course materials;
4. The underlying member retained a brief biography on the course trainer; and
5. The underlying member retained a copy of the participant sign-in sheets, certificates of completion, or other proof of attendance.


Any underlying member that fails to comply with the mandated sexual harassment training or that fails to provide ERMA with documentation evidencing compliance will have its retained limit increased as follows for the submitted Claim:

SIR	Penalty	Percentage of Penalty to SIR
\$25,000	\$6,250	25%
\$50,000	\$12,500	25%
\$75,000	\$18,750	25%
\$100,000	\$25,000	25%
\$250,000	\$37,500	15%
\$500,000	\$50,000	10%

The Board of Directors will have discretion to consider lack of compliance as a factor in determining whether a member should be subject to a Risk Assessment.

This Resolution was adopted by the Board of Directors at a regular meeting held on February 11, 2021, via teleconference, by the following vote:

AYES	<u>12</u>
NOES	<u>0</u>
ABSTAIN	<u>0</u>
ABSENT	<u>1</u>



 PRESIDENT

ATTEST:


 BOARD SECRETARY

**EMPLOYMENT RISK MANAGEMENT AUTHORITY
(ERMA)**

MEMORANDUM OF COVERAGE

FOR THE 2020/21 PROGRAM YEAR

EFFECTIVE JANUARY 1, 2021

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FORM NUMBER ERMA 2021-1EPL

MEMORANDUM OF COVERAGE FOR THE EMPLOYMENT RISK MANAGEMENT AUTHORITY (ERMA)

In consideration of the payment of the deposit premium, the *Authority* agrees with the *Members* as follows:

SECTION I - COVERAGE

The *Authority* will pay *Ultimate Net Loss*, less the *Retained Limit*, up to the *Limit of Coverage* on behalf of the *Covered Party* due to a *Claim* against the *Covered Party* because of a *Wrongful Employment Practice* to which this Memorandum applies, caused by an *Occurrence*, except as otherwise excluded.

This Memorandum of Coverage does not provide insurance, but instead provides for pooled risk sharing. This Memorandum is a negotiated agreement amongst the *Covered Parties* of the *Authority* and none of the parties to the Memorandum is entitled to rely on any contract interpretation principles which require interpretation of ambiguous language against the drafter of such Memorandum. This Memorandum shall be applied according to the principles of contract law, giving full effect to the intent of the *Covered Parties* of the *Authority*, acting through the Board of Directors in adopting this Memorandum of Coverage. Since the *Authority* is not an insurer, it has no obligation to issue reservation of rights letters, and failure to provide notice to a *Covered Party* of any coverage issue or dispute shall not operate to waive any of the provisions of this Memorandum. Since this Memorandum does not provide insurance, neither the *Authority* nor any *Covered Parties* shall be liable for or subject to any legal action or proceeding as to any claim alleging breach of the implied covenant of good faith and fair dealing with respect to any dispute between the *Authority* and any *Covered Parties* that may arise under this Memorandum.

SECTION II - DEFINITIONS

- 1 "*Authority*" means the Employment Risk Management Authority.
- 2 "*Claim*" means oral or written notice to the *Covered Party* that an *Employee* alleges a *Wrongful Employment Practice*.

Claim does not include a *Union Grievance*, or any type of criminal proceeding, or any claim arising under the FLSA or any California Wage Orders or any similar federal or state law. *Claim* does not include a dispute arising out of a contract for employment between the *Covered Party* and any individual or *Employee*, including but not limited to any dispute regarding the validity or enforceability of such contract.

Claim does not include an internal administrative or disciplinary proceeding pursuant to the terms and conditions of employment.

A *Claim* shall be deemed to be made on the earliest date such notice is received by a *Covered Party*.

3 "Coverage Period" means that term prescribed for coverage by the *Authority* as set forth in the
Declarations page.

4 "Covered Party" means:

- (A) The *Member* and any additional entities named in the Declarations page.
- (B) Any person who is an *Employee* of a *Covered Party* identified in Section (A) herein, whether or not compensated, while acting in an official capacity for or on behalf of such *Covered Party*, including while acting on any outside board at the direction of such *Covered Party*.

Covered Party shall not include any person, whether or not compensated, who is not acting in the course and scope of his or her employment or whose conduct, as a matter of law, is not within the course and scope of his or her employment by the *Covered Party* at the time of the act or acts alleged in a *Claim*.

- (C) All entities named in Endorsement #2, and any officer, director or employee thereof while acting in an official capacity for or on behalf of such entity and in the course and scope of his or her duties. Except for those expressly identified in Endorsement #2, no other person, organization, or entity shall be deemed to be a "Covered Party" under Endorsement #2.

Notwithstanding sections (B) and (C) above, the defense and indemnity coverage afforded by this Memorandum to a past or present *Employee* of a *Covered Party* is not broader than the *Covered Party's* duty to defend and indemnify its *Employee*, pursuant to California Government Code Section 815, 815.3, 825 to 825.6, 995 to 996.6, inclusive, and any amendments thereof. If the *Covered Party* which employs the *Employee* is not obligated under the California Government Code to provide a defense or to provide indemnity for a *Claim*, or if said *Covered Party* refuses to provide such defense and/or indemnity to said *Employee*, then this Memorandum shall not provide any such defense or indemnity coverage to said *Employee*. All immunities, defenses, rights, and privileges afforded to a *Covered Party* under California Government Code Section 815, 815.3, 825 to 825.6, 995 to 996.6, inclusive, and any amendments thereof, shall be afforded to the *Authority* to bar any defense or indemnity coverage under this Memorandum to that *Covered Party's Employee*.

5 "Damages" means compensation in money which a *Covered Party* is legally obligated to pay as a result of a *Claim*. *Damages* include: (1) attorney fees not based on contract, awarded against the *Covered Party*, (2) interest on judgments, or (3) costs for which the *Covered Party* is liable either by adjudication, or by compromise with the written consent of the *Authority*, if the fees, interest, or costs arise from an *Occurrence* to which this coverage applies.

Damages with respect to *Wrongful Employment Practice* shall not include those sums owed by a *Covered Party* as contract damages, prospective salary, wages, or benefits, any salary, wage or benefits resulting from an order that a *Covered Party* hire an applicant or from promotion or reinstatement, or any damages owing under an express contract of employment or an express obligation to make severance payments in the event of termination of employment.

Damages with respect to *Wrongful Employment Practice* also shall not include amounts awarded under a labor grievance or arbitration pursuant to a collective bargaining agreement, nor sums paid pursuant to any judgment or agreement, whether injunctive or otherwise, to undertake actions to correct past discriminatory or unlawful conduct or to establish practices or procedures designed to eliminate or prevent future discriminatory or other unlawful conduct, or any non-monetary relief.

- 6 “Defense Costs” means all fees and expenses incurred by any *Covered Party*, caused by and relating to the adjustment, investigation, defense, or litigation of a *Claim* to which this coverage applies, including attorney's fees, court costs, interest on judgments accruing after entry of judgment, and the time and travel expenses of the Litigation Manager for attendance at trials, mediations, arbitrations and settlement conferences. *Defense Costs* shall not include attorney fees or costs awarded to a prevailing plaintiff against the *Covered Party*.

Defense Costs shall not include the office expenses, salaries of *Employees*, or expenses of the *Covered Party* or the *Authority*. *Defense Costs* shall not include investigation costs incurred by investigators or adjusting expenses that were not approved by ERMA prior to the costs being incurred. *Defense Costs* are included within, and are not in addition to, the applicable *Limit of Coverage*.

Defense Costs shall not include any fee or expense relating to coverage issues or disputes between the *Authority* and any *Covered Party*.

- 7 “Discrimination” means termination of the employment relationship, a demotion, a failure or refusal to hire or promote, denial of an employment benefit, or the taking of any adverse or differential employment action because of race, color, creed, religion, age, sex, disability, pregnancy, sexual orientation, national origin, AIDS, or other protected category or characteristic established pursuant to any applicable federal, state, or local statute or ordinance.

- 8 “Employee” means any person whose labor or services is engaged and directed by a *Covered Party*, whether past, present or future, including a volunteer, official, or applicant for employment. This includes part-time, seasonal, and temporary labor or services, as well as any person employed in a supervisory, managerial, or confidential position. *Employee* shall not include leased employees, independent contractors or subcontractors, agents, or servants of any *Covered Party*, unless the *Covered Party* has the right to and does control and direct the details of their work rather than the result of that work. *Employee* also shall not include the spouse, child, unborn fetus, parent, brother, or sister of the *Employee*. *Employee* shall not include any person performing labor or services, either voluntarily or involuntarily, while incarcerated in any state or local correctional or penal institution or facility of any nature, or who performs labor or services, either voluntarily or involuntarily, as a condition of or in satisfaction of any penal sentence.

The exclusion of independent contractors or subcontractors from the definition of *Employee* shall not apply to a *Claim* for harassment specifically authorized under Cal. Gov. Code 12940 (j)(1) and (5).

9 “Harassment” means:

- (A) Unwelcome sexual advances, requests for sexual favors, or other verbal, visual or physical conduct of a sexual nature, including those which:
 - (1) are made a condition of employment with the *Covered Party*;
 - (2) are used as a basis for employment decisions by the *Covered Party*; or
 - (3) create a work environment that interferes with performance or creates an intimidating, hostile or offensive working environment; or
- (B) Workplace conduct (i.e. *Harassment* of a non-sexual nature) committed in violation of law or because of any protected category or characteristic which creates a work environment that interferes with performance, or creates an intimidating, hostile, or offensive working environment.

10 “Limit of Coverage” shall be the amount of coverage stated in the Declarations Page, or sublimits as stated therein for each *Covered Party* per *Occurrence*, subject to any lower sublimit stated in this Memorandum. The *Limit of Coverage* shall include the *Covered Party’s Retained Limit*. For each *Occurrence*, there shall be only one *Limit of Coverage* regardless of the number of claimants or *Covered Parties* against whom a *Claim* is made, or the number of *Coverage Periods* through which the *Occurrence* continues. In the event that a structured settlement, whether purchased from or through a third-party, or paid directly by the *Covered Party* in installments, is utilized in the resolution of a *Claim* or suit, the *Authority* will pay only up to the amount stated in the Declarations in present value of the *Claim*, as determined on the date of settlement, regardless of whether the full value of the settlement exceeds the amount stated in the Declarations.

11 “Member” means a governmental entity, including any commissions, agencies, districts, authorities, boards, or other similar government entity under the direct control of the governmental entity, that is eligible to participate in a joint powers authority. A *Member* is one who has been accepted into ERMA and, is a Named *Covered Party* in the Memorandum of Coverage and Endorsements thereto.

12 “Occurrence” means act or omission or series of related acts or omissions by a *Covered Party* during the Coverage Period which results in a *Claim* for a *Wrongful Employment Practice*. All acts or omissions alleged by the same *Employee* in the same *Claim* shall be deemed to constitute one *Occurrence* that took place on the date of the first alleged act or omission.

Regardless of the number of *Covered Parties*, all *Claims* by all *Employees* arising from the same act or omission or series of related acts or omissions shall be deemed to be one *Occurrence* for the purpose of the Limit of Coverage, and that *Occurrence* shall be deemed to have taken place on the date of the first such act or omission alleged by the *Employee* or *Employees*.

13 “Retained Limit” means the amount of *Ultimate Net Loss*, identified in the applicable Declaration, which the *Covered Party* becomes liable to pay before the *Authority* is obligated to make payment.

For each *Occurrence*, there shall be only one *Retained Limit* regardless of the number of claimants or *Covered Parties* against whom a *Claim* is made, or *Coverage Periods* during which the *Occurrence* continues.

- 14 “Retaliation” means retaliatory treatment against an *Employee* of the *Covered Party* on account of such *Employee’s* exercise or attempted exercise of his or her rights under the law.
- 15 “Ultimate Net Loss” means the total of all *Defense Costs* incurred by the *Covered Parties* and all *Damages* for which the *Covered Parties* are liable either by adjudication or by compromise with the written consent of the *Authority*, arising from an *Occurrence* to which this coverage applies.
- 16 “Union Grievance” is limited to labor negotiations with respect to wages or working conditions, union organizing efforts, or unfair labor practice charges within the jurisdiction of the National Labor Relations Board or the Public Employment Relations Board.
- 17 “Workplace Tort” means any of the following acts alleged to have been committed in violation of law or because of any protected category or characteristic:
 - (A) Actual or constructive termination of an employment relationship in a manner which is alleged to have been against the law or wrongful, or in breach of an implied employment contract or breach of the covenant of good faith and fair dealing in the employment contract;
 - (B) Allegations of negligent or wrongful evaluation, wrongful demotion, wrongful discipline, failure to promote, failure to grant tenure, or wrongful deprivation of career opportunity;
 - (C) Allegations of misrepresentation or defamation made by an *Employee* which arise from an employment decision to hire, fire, promote or demote;
 - (D) Allegations of infliction of emotional distress, mental injury, mental anguish, shock, sickness, disease or disability made by an *Employee* which arise from an employment decision to hire, fire, promote or demote;
 - (E) Allegations of false imprisonment, detention, or malicious prosecution made by an *Employee* which arise from an employment decision to hire, fire, promote or demote;
 - (F) Allegations of libel, slander, defamation of character, invasion of privacy made by an *Employee* which arise from an employment decision to hire, fire, promote or demote; or
 - (G) Other allegations made by an *Employee* which arise from an employment decision to hire, fire, promote or demote.

Workplace Torts do not include *Damages* determined to be owing under a written contract of employment or obligation to make payments, including but not limited to severance payments, in the event of the termination of employment.

Workplace Torts shall not include any allegations other than those set forth above.

8 “Wrongful Employment Practice” means any actual or alleged *Wrongful Termination, Discrimination, Harassment, Retaliation, or Workplace Tort*.

9 “Wrongful Termination” means termination of an employment relationship in a manner which is alleged to have been committed in violation of law or because of any protected category or characteristic or in breach of an implied agreement to continue employment.

Wrongful Termination shall not include *Damages* determined to be owing under an express contract of employment or an express obligation to make payments in the event of the termination of employment.

SECTION III - DEFENSE AND SETTLEMENT

The *Authority* shall have no duty to assume charge of investigation or defense of any *Claim*. However, the *Authority* shall have the right to assume the control of the negotiation, investigation, defense, appeal, or settlement of any *Claim* the *Authority* determines, in its sole discretion, to have reasonable probability of resulting in an *Ultimate Net Loss* in excess of the applicable *Retained Limit*. The *Covered Parties* shall fully cooperate in all matters pertaining to such *Claim* or proceeding. Such cooperation shall include, but not be limited to, executing all documents necessary to effectuate a settlement. If the *Covered Party's* lack of cooperation prevents settlement of the claim for a reasonable amount, defined as the amount the *Authority* is willing to pay and the claimant is willing to accept, and increases the potential liability for *Damages* and continued *Defense Costs*, the *Covered Party* shall pay or shall reimburse the *Authority* for those *Defense Costs* incurred after the claim could have been settled, and for any *Damages* awarded or settlement agreed upon in excess of the amount for which the claim could have been settled, or, in the alternative, the *Authority* shall have the right to tender the claim back to the *Covered Party* and coverage shall cease.

If the *Authority* assumes the control of the handling of a *Claim*, the *Covered Parties* shall be obligated to pay at the discretion of the *Authority* any sum necessary for the defense and settlement of a *Claim*, or to satisfy liability imposed by law, up to the applicable *Retained Limit*.

No *Claim* shall be settled for an amount in excess of the *Retained Limit* 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.

SECTION IV - ERMA'S LIMIT OF COVERAGE

Regardless of the number of (1) *Covered Parties* under this Memorandum, (2) persons or organizations who sustain injury or damage, (3) *Claims* made or suits brought, or (4) *Coverage Periods involved*, the *Authority's* liability is limited as follows:

With respect to coverage provided, the *Authority's* liability for any one *Occurrence* shall be limited to the *Ultimate Net Loss* which is in excess of the *Covered Party's Retained Limit*, but then only up to the sum set forth in the Declarations as the *Authority's Limit of Coverage* for any one *Occurrence*. In the event that a structured settlement, whether purchased from or through a third party, or paid directly by the *Covered Party* in

installments, is utilized in the resolution of a *Claim* or suit, the *Authority* will pay only up to the amount stated in the Declarations in present value of the *Claim*, as determined on the date of settlement, regardless of whether the full value of the settlement exceeds the amount stated in the Declarations.

Nothing contained herein shall operate to increase the *Authority's Limit of Coverage* under this Memorandum.

SECTION V - COVERAGE PERIOD AND TERRITORY

This Memorandum applies to *Wrongful Employment Practice* that occurs anywhere in the world during the *Coverage Period* identified in the applicable Declaration.

SECTION VI - EXCLUSIONS

This Memorandum does not cover:

1. **Bodily Injury.** We do not cover *Claims*:
 - (A) for bodily injury, sickness, disease or death of any person; or
 - (B) brought by the person's domestic partner, spouse, child, parent, brother or sister as a result of such bodily injury, sickness, disease or death.

This does not apply to *Claims* for emotional distress, mental anguish or humiliation that arise from a *Wrongful Employment Practice*.

2. **Compliance with ADA Requirements.** We do not cover any costs or expenses incurred to make premises accessible to persons with disabilities as required by:
 - (A) the Americans with Disabilities Act of 1990;
 - (B) any similar federal, state or local law;
 - (C) any amendments to such laws; or
 - (D) any regulations promulgated under any such laws.
3. **Contractual Liability.** We do not cover the liability of others assumed by the *Covered Party* in a contract or agreement. This does not apply to liability that the *Covered Party* would have had in the absence of the contract or agreement.
4. **ERISA, COBRA WARN Act, and FLSA Liability.** We do not cover any liability imposed on the *Covered Party* under:

- (A) the Employee Retirement Income Security Act of 1974;
 - (B) the Comprehensive Omnibus Budget Reconciliation Act;
 - (C) the Worker Adjustment and Retraining Notification Act;
 - (D) the Fair Labor Standards Act, including but not limited to any wage and hour or other claim arising under the FLSA or any California Wage Orders or any similar federal or state law;
 - (E) any similar federal, state or local laws;
 - (F) any amendments to such laws; or
 - (G) any regulations promulgated under any such laws.
5. **Fines, Multiplied Damages, or Non-Monetary Relief.** We do not cover:
- (A) fines, taxes, penalties, or liquidated Damages;
 - (B) the multiplied portion of any Damage award that is subject to a multiplier;
 - (C) non-monetary relief; or
 - (D) any punitive damages or other uninsurable amounts.
6. **Intentional Conduct Done with Willful and Conscious Disregard.** We do not cover *Claims* for injury or *Damages* caused by intentional conduct done by the *Covered Party* with willful and conscious disregard of the rights or safety of others, or with malice. However, where the *Covered Party* did not authorize, ratify, participate in, consent to, or have knowledge of such conduct by its *Employee*, and the *Claim* against the *Covered Party* is based solely on its vicarious liability arising from its relationship with such *Employee*, this exclusion does not apply to said *Covered Party*.
7. **Intentional Violations of Laws and Orders.** We do not cover *Claims* that arise out of a *Covered Party's* intentional failure to comply with, or reckless disregard of, any law, order or regulation relating to employment practices.
8. **Prior Wrongful Employment Practices.** We do not cover liability arising out of any *Claim*, fact, circumstance, situation, transaction or event concerning a *Wrongful Employment Practice* of which any *Covered Party* had received a prior *Claim*, or which was the subject of any notice given under any insurance policy or coverage prior to the *Covered Party* obtaining coverage under this Memorandum.
9. **Property Damage.** We do not cover *Claims* for damage to or destruction of any tangible property, including loss of its use.

10. **Strikes and Lockouts.** We do not cover *Claims* that arise out of a lockout, strike, picket line, replacement or other similar actions resulting from labor disputes or labor negotiations.
11. **Ultimate Net Loss.** We do not cover *Ultimate Net Loss* arising out of relief, or redress, in any form other than money *Damages* or seeking only injunctive or non-monetary relief, regardless of whether a prevailing claimant may be entitled to recover attorney's fees and costs.
12. **Actions for Administrative or Equitable Relief.** We do not cover any action, in any forum, for injunctive, administrative, declaratory, or other non-monetary form of relief, including specific performance, nor hearings of internal administrative matters or actions involving the review of any final administrative order or decision made as the result of an administrative hearing, regardless of whether such action seeks *Damages* or attorneys' fees. This exclusion is in addition to, and does not conflict with, Exclusion 11, above.
13. **Workers' Compensation or Similar Law.** We do not cover obligations under a workers' compensation law, Labor Code 132a, disability benefits or unemployment compensation law, or any similar law. This exclusion does not apply to *Retaliation* or *Discrimination* for filing a workers' compensation *Claim* or a *Claim* for disability benefits.
14. **Actions by Inmates or Prisoners.** We do not cover *Claims* for injury or *Damages* brought by any person:
 - (A) performing labor or services, either voluntarily or involuntarily, while incarcerated in any state or local correctional or penal institution or facility; or
 - (B) performing labor or services, either voluntarily or involuntarily, as a condition of or in satisfaction of any penal sentence.

SECTION VII – CONDITIONS

1. Covered Party's Duties in the Event of Occurrence, Claim, or Suit

The following provisions are conditions precedent to coverage under this Memorandum. The *Covered Party's* failure to comply with any of these provisions shall void the coverage provided herein.

- (A) The *Covered Party* shall notify the *Authority* within 30 days upon receipt of notice of a *Claim* by an *Employee*.

Written notice containing particulars sufficient to identify the claimant(s), the *Covered Party(ies)*, and also reasonably obtainable information with respect to the time, place, and circumstances thereof, and the names and addresses of the *Covered Party* and of available witnesses, shall be given to the *Authority* or any of its authorized agents as soon as possible.

- (B) Any *Claim*, except one which the Litigation Manager has discretion to accept, which is not reported to the *Authority* within 30 days, as required by subsection (A) herein, shall be considered untimely and shall be denied. The Litigation Manager shall have discretion to accept as timely any *Claim* reported after 30 days except for any of the following: notice from the U.S. Equal Employment Opportunity Commission, the California Department of Fair Employment and Housing or any other state or federal Government agency to which an *Employee* has made a claim; a Government claim; or a civil lawsuit.

The *Covered Party* may appeal the denial of such *Claim* to the *Authority's* Board of Directors in accordance with the appeal procedure set forth in Section 7 below. The Board shall consider the following factors in its determination of the appeal:

- (1) Late reported *Claims* are strongly disfavored. Relief from denial of coverage for a *Claim* reported more than 90 days late shall not be granted, absent extraordinary circumstances as determined by the Board, in its sole discretion.

An appeal based on the *Covered Party's* lack of familiarity with the definition of a *Claim* and/or its obligation to timely report the *Claim* to the *Authority* shall be strongly disfavored, since the *Covered Party* is responsible for understanding the definition of a *Claim* and adhering to the reporting requirements set forth herein.

- (2) An appeal based on the absence of the employee designated by the *Covered Party* as responsible for reporting *Claims* must be verified, and the employee must have been absent during the entire time the *Claim* was not reported.
- (3) An appeal of any late-reported *Claim* which the Board, in its sole discretion, determines may result in any financial or other prejudice to the *Authority* shall be denied regardless of any provision set forth herein or any other basis for the appeal.

Each appeal shall be considered on its own merits, and the Board's decision on any one appeal shall not establish any precedent for future appeals.

For all late-reported *Claims* for which the *Covered Party's* appeal of the denial of coverage is granted, the Board shall increase the *Covered Party's Retained Limit* as follows:

PENALTY STRUCTURE

SIR	Penalty	Percentage of Penalty to SIR
\$25,000	\$6,250	25%
\$50,000	\$12,500	25%
\$75,000	\$18,750	25%
\$100,000	\$25,000	25%
\$250,000	\$37,500	15%
\$500,000	\$50,000	10%

This provision shall not be construed as limiting the Board's power to deny an appeal of any late-reported *Claim*.

- (C) If a suit is brought against the *Covered Party*, in addition to the information required by subparagraph (A), the *Covered Party* shall be obligated to forward immediately to the *Authority* every demand, notice, summons, or other process received by it or its representative.
- (D) The *Covered Party* shall cooperate with the *Authority* and upon its 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 *Covered Party* because of *Wrongful Employment Practice* with respect to which coverage is afforded under this Memorandum. The *Covered Party* shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. In all matters in which the *Authority* has selected defense counsel, the *Covered Party* shall refrain from interference with the *Authority's* control of the defense, and shall cooperate fully with the defense counsel and the *Authority* in respect to the defense of the Covered Parties in the *Claim* or suit.

With regard to the settlement of any *Claim* or suit, if the *Covered Party's* refusal to cooperate with the *Authority* in the conduct of the defense, execution of documents, enforcement of any right of contribution or indemnity, or in any other manner prevents settlement of the claim for a reasonable amount, defined as the amount the *Authority* is willing to pay and the claimant is willing to accept, and increases the potential liability for *Damages* and continued *Defense Costs*, the *Covered Party* shall pay or shall reimburse the *Authority* for those *Defense Costs* incurred after the claim could have been settled, and for any *Damages* awarded or settlement agreed upon in excess of the amount for which the claim could have been settled, or, in the alternative, the *Authority* shall have the right to tender the claim back to the *Covered Party* and coverage shall cease.

- (E) The *Authority* shall be entitled to complete access of the *Covered Party's Claim* file, the defense attorney's complete file, and all investigation material and reports, including all evaluations and information on negotiations. The *Covered Party through assigned defense counsel* shall be responsible to report on the progress of the litigation and any significant developments to the *Authority*, and to provide the *Authority* with simultaneous copies of all correspondence provided to the *Covered Party* by its defense attorneys and/or agents.

- (F) If the *Covered Party* is not in substantial compliance with the requirements of Government Code §12950.1 (AB 1825) during the *Coverage Period* for an *Occurrence* related to that code section, the Board shall increase the *Covered Party's Retained Limit* as follows:

PENALTY STRUCTURE

SIR	Penalty	Percentage of Penalty to SIR
\$25,000	\$6,250	25%
\$50,000	\$12,500	25%
\$75,000	\$18,750	25%
\$100,000	\$25,000	25%
\$250,000	\$37,500	15%
\$500,000	\$50,000	10%

Proof of substantial compliance shall be provided at the request of the *Authority* and in the form set forth in Resolution No. 2021-3, or any superseding Resolution, which requires documentation to confirm compliance with the sexual harassment training mandated by State law.

2. Bankruptcy or Insolvency

Bankruptcy or insolvency of the *Covered Party* shall not relieve the *Authority* of any of its obligations hereunder.

3. Other Coverage

If any *Covered Party* has coverage with any insurer, joint powers authority or other source which covers a loss also covered hereunder (whether on a primary, excess or contingent basis), the *Covered Party* shall, as soon as practicable after reporting a *Claim* to the *Authority*, or upon request of the *Authority*, provide the *Authority* with copies of all applicable policies, memorandums or documents evidencing such coverage, and shall cooperate in all respects with the *Authority* with respect to such coverage, including but not limited to the tendering of any *Claim* and providing the *Authority* with copies of all communications between the *Covered Party* and any entity providing coverage for such *Claim*.

If insurance or any other coverage with any insurer, joint powers authority or other source is available to the *Covered Party* covering a loss also covered hereunder (whether on primary, excess, or contingent basis), the coverage hereunder shall be in excess of, and shall not contribute with, such other insurance or coverage.

This coverage shall be in excess of, and shall not contribute with, any insurance or coverage which names a *Covered Party* herein as an additional *Covered Party* or additional insured party, where coverage is extended to a loss also covered hereunder. In order for the coverage herein to apply, the *Covered Party* must pay the full amount of its *Retained Limit*. Payment of the *Retained Limit*

by the *Covered Party* is required in addition to and despite any payments from any other source for or on behalf of that *Covered Party*, unless the *Covered Party* has purchased insurance coverage solely and expressly for the purpose of satisfying its *Retained Limit*, in which case that insurance coverage may be used by the *Covered Party* in payment of its *Retained Limit*.

4. Accumulation of Limits

A *Claim* which contains allegations extending to a duration of more than one *Coverage Period* shall be treated as a single *Occurrence* arising during the *Coverage Period* when the first act takes place without regard to any review process or appeal relating to such conduct.

5. Severability of Interests

The term *Covered Party* is used severally and not collectively, but the inclusion herein of more than one *Covered Party* shall not operate to increase the limits of the *Authority's* liability or the *Retained Limit* applicable per *Occurrence*.

6. Subrogation

The *Authority* shall be subrogated to the extent of any payment hereunder to all the *Covered Parties'* rights of recovery thereof and the *Covered Parties* shall do nothing after loss to prejudice such right and shall do everything necessary to secure such right. Any amounts so recovered shall be apportioned as follows:

- (A) The highest layer of coverage shall be reimbursed first and if there are sufficient recoveries then the next highest layer shall be reimbursed until all recoveries are used up.
- (B) The expenses of all such recovery proceedings shall be paid before any reimbursements are made. If there is no recovery in the proceedings conducted by the *Authority*, it shall bear the expenses thereof.

7. Arbitration

Decisions by the *Authority* whether to assume control of the negotiation, investigation, defense, appeal, or settlement of a *Claim*, or whether or not coverage exists for a particular *Claim* or part of a *Claim* or any other dispute that arises under and in connection with the Memorandum shall be made by the Board of Directors of the *Authority*. An appeal to the Board from a coverage decision or opinion by staff or general counsel must be made in writing to the *Authority* by the *Covered Party* thirty (30) calendar days of receipt of such opinion or decision. If, either prior to or following the Board's decision, a new coverage opinion or decision is sent by staff or general counsel to the *Covered Party*, a new thirty (30) calendar day period commences from receipt of such new opinion or decision in which the *Covered Party* may appeal to the Board. The Program Administrator shall have the discretion to extend the time period within which an appeal from a coverage decision or opinion must be presented to the Board by an additional 30 days.

The Board will take action on any appeal within sixty (60) calendar days or the next scheduled Board of Directors meeting, whichever is later, unless an extension is agreed to by the parties.

In the event a Covered Party disputes a decision by the Board, the Covered Party must request to binding arbitration within thirty (30) calendar days of written notification of the Board's decision. The *Covered Party* must exhaust all rights to appeal as established by the Bylaws, the Master Program Document and the Memorandum of Coverage prior to requesting arbitration of a dispute.

Arbitration shall be conducted pursuant to the California Code of Civil Procedure. Arbitration shall be conducted by a single arbitrator. No arbitrator shall be employed or affiliated with the *Authority* or the *Covered Party(ies)* or any Member of the Authority.

The selection of the arbitrator shall take place within twenty (20) calendar days from the receipt of the request for arbitration. The arbitration hearing shall commence within forty-five (45) calendar days from the date of the selection of the arbitrator.

Each party shall bear one-half the cost of the selected arbitrator. In addition, each party shall be responsible for its own attorneys' fees, costs and expenses of arbitration.

In the event that the *Member* prevails in the coverage dispute in the arbitration, the following shall apply to any monetary award in the *Member's* favor:

- (A) Any interest awarded shall be at the Local Agency Investment Fund (LAIF) rate + 1% in effect at the time of the award;
- (B) Any attorneys' fees award for *Defense Costs* of the underlying *Claim* above the *Member's Retained Limit* shall be subject to all provisions of the ERMA Litigation Management Guidelines and shall not exceed the hourly rate established by the ERMA Litigation Management Guidelines in effect at the time of the *Occurrence* of the underlying *Claim*;
- (C) Any award shall be subject to and shall not exceed the *Defense Costs* and indemnity *Coverage* under the *Limit of Coverage* afforded under the ERMA Memorandum in effect at the time of the *Occurrence* of the underlying *Claim*;
- (D) No award at the arbitration shall be permitted for damages of any nature or in any amount other than as expressly allowed in this Section VII, subsection 7. By way of example, and without limitation, no award shall be permitted for consequential damages, extra contractual damages, tort damages or damages for any alleged breach of the implied covenant of good faith and fair dealing; and
- (E) Any award for *Defense Costs* and/or indemnity with respect to the underlying *Claim* shall be treated the same for purposes of the determination of the *Member's* Ex Mod or premium calculation, as if the *Claim* had been originally covered by ERMA.

Except for notification of appointment and as provided in the California Code of Civil Procedure, there shall be no communication between the parties and the arbitrator relating to the subject of the arbitration other than at oral hearings.

The procedures set forth in California Code of Civil Procedure Section 1283.05 relating to depositions and discovery shall apply to any arbitration pursuant to this paragraph 8.

Except as provided otherwise above, arbitration shall be conducted as provided in Title 9 of the Code of Civil Procedure (commencing with Section 1280).

The decision of the arbitrator shall be final and binding, and shall not be subject to appeal.

SECTION VIII – MISCELLANEOUS PROVISIONS

1. Termination

This Memorandum may be terminated at any time in accordance with the Bylaws of the *Authority*.

2. Changes

Notice to any agent of the *Authority* or knowledge possessed by such agent or by any other person shall not effect a waiver or a change in any part of this Memorandum of Coverage, nor shall the terms of this Memorandum of Coverage be waived or changed, except by endorsement issued to form a part of this Memorandum of Coverage.

EMPLOYMENT RISK MANAGEMENT AUTHORITY
MEMORANDUM OF COVERAGE
ENDORSEMENT #1

This endorsement, effective 12:01 a.m. 1/1/2021, forms a part of ERMA 2021-1EPL. It is understood that the named Covered Party of the Declarations and the “Retained Limits” for the Covered Parties are completed as follows:

Employment Risk Management Authority,

Bay Cities Joint Powers Insurance Authority (BCJPIA)

COVERED PARTY	RETENTION
City of Albany	\$50,000
City of Brisbane	\$50,000
City of Emeryville	\$50,000
Management of Emeryville Services Authority (MESA)	
Town of Corte Madera	\$100,000
Town of Fairfax	\$50,000
Central Marin Police Authority	\$100,000
Central Marin Fire Authority	\$100,000
City of Larkspur	\$250,000
City of Los Altos	\$100,000
City of Menlo Park	\$250,000
City of Mill Valley	\$50,000
City of Novato	\$250,000
City of Piedmont	\$50,000
City of Pleasanton	\$75,000
<i>(No coverage under this Memorandum is afforded to the Livermore-Pleasanton Fire Department)</i>	
Town of San Anselmo	\$50,000
City of Sausalito	\$50,000
Town of Tiburon	\$25,000
City of Union City	\$75,000

California Transit Indemnity Pool (CalTIP)

COVERED PARTY	RETENTION
El Dorado County Transit Authority	\$50,000
Humboldt Transit Authority	\$75,000
Livermore Amador Valley Transit Authority	\$50,000
Mendocino Transit Authority	\$50,000
Morongo Basin Transit Authority	\$50,000
San Luis Obispo Regional Transit Authority	\$50,000
South County Area Transit	\$50,000
Tahoe Transportation District	\$50,000
Western Contra Costa Transit Authority	\$50,000
Yolo County Transportation District	\$50,000

Central San Joaquin Valley Risk Management Authority (CSJVRMA)

COVERED PARTY	RETENTION
City of Angels	\$25,000
City of Atwater	\$25,000
City of Ceres	\$25,000
City of Chowchilla	\$25,000
City of Corcoran	\$25,000
City of Delano	\$25,000
City of Dinuba	\$100,000
City of Dos Palos	\$25,000
City of Escalon	\$25,000
City of Farmersville	\$75,000
City of Fowler	\$25,000
City of Gustine	\$25,000
City of Hughson	\$25,000
City of Huron	\$25,000
City of Kerman	\$25,000
City of Kingsburg	\$25,000
City of Lathrop	\$25,000
City of Lemoore	\$25,000
City of Livingston	\$25,000
City of Madera	\$25,000
City of McFarland	\$50,000
City of Mendota	\$25,000
City of Merced	\$100,000
City of Newman	\$25,000
City of Oakdale	\$50,000
City of Orange Cove	\$50,000
City of Patterson	\$50,000
City of Porterville	\$25,000
City of Reedley	\$25,000
City of Riverbank	\$50,000
City of San Joaquin	\$25,000
City of Sanger	\$25,000
City of Selma	\$50,000
City of Shafter	\$25,000
City of Sonora	\$25,000
City of Taft	\$25,000
City of Tehachapi	\$25,000
City of Tulare	\$100,000
City of Wasco	\$50,000
City of Woodlake	\$25,000

Exclusive Risk Management Authority of California (ERMAC)

COVERED PARTY	RETENTION
City of Hayward	\$500,000
City of Laguna Hills	\$100,000
City of Santa Maria	\$500,000

Monterey Bay Area Self Insurance Authority (MBASIA)

COVERED PARTY	RETENTION
City of Capitola	\$500,000
City of Del Rey Oaks	\$500,000
City of Gonzales	\$500,000
City of Greenfield	\$500,000
City of Hollister	\$500,000
City of King City	\$500,000
City of Marina	\$500,000
City of Sand City	\$500,000
City of Scotts Valley	\$500,000
City of Soledad	\$500,000

Municipal Pooling Authority (MPA)

COVERED PARTY	RETENTION
City of Antioch	\$50,000
City of Brentwood	\$50,000
City of Clayton	\$50,000
Town of Danville	\$50,000
City of El Cerrito	\$50,000
City of Hercules	\$50,000
City of Lafayette	\$50,000
City of Manteca	\$50,000
City of Martinez	\$50,000
Town of Moraga	\$50,000
City of Oakley	\$50,000
City of Orinda	\$50,000
City of Pacifica	\$75,000
City of Pinole	\$50,000
City of Pittsburg	\$50,000
City of Pleasant Hill	\$50,000
City of San Pablo	\$100,000
City of San Ramon	\$50,000
City of Walnut Creek	\$50,000

Public Agency Risk Sharing Authority of California (PARSAC)

COVERED PARTY	RETENTION
City of Amador	\$25,000
City of Avalon	\$25,000
City of Belvedere	\$25,000
City of Blue Lake	\$25,000
City of California City	\$100,000
City of Calimesa	\$25,000
City of Calistoga	\$25,000
City of Citrus Heights	\$100,000
City of Clearlake	\$25,000
City of Coalinga	\$25,000
City of Ferndale	\$25,000
City of Grass Valley	\$25,000
City of Highland	\$25,000
City of Menifee	\$25,000
City of Nevada City	\$25,000
City of Placentia	\$100,000
City of Placerville	\$50,000
City of Plymouth	\$25,000
City of Point Arena	\$25,000
City of Rancho Cucamonga	\$250,000
Rancho Cucamonga Fire Protection District	\$75,000
City of Rancho Santa Margarita	\$25,000
City of San Juan Bautista	\$25,000
City of South Lake Tahoe	\$100,000
City of Tehama	\$25,000
City of Trinidad	\$25,000
City of Truckee	\$25,000
City of Twentynine Palms	\$25,000
City of Watsonville	\$250,000
City of Wheatland	\$25,000
City of Wildomar	\$25,000
Town of Yountville	\$25,000
City of Yucaipa	\$50,000
Town of Yucca Valley	\$100,000

Public Entity Risk Management Authority (PERMA)

COVERED PARTY	RETENTION
City of Banning	\$25,000
City of Barstow	\$25,000
City of Canyon Lake	\$25,000
City of Cathedral City	\$25,000
City of Coachella	\$25,000
City of Desert Hot Springs	\$25,000
City of Eastvale	\$25,000
City of Hesperia	\$50,000
City of Holtville	\$25,000
Imperial County Transportation Commission	\$25,000
City of Jurupa Valley	\$25,000
City of La Mesa	\$25,000
City of Murrieta	\$100,000
Palm Springs Aerial Tramway	\$25,000
City of Perris	\$25,000
City of Rancho Mirage	\$50,000
San Diego Regional Training Center	\$25,000
City of San Jacinto	\$25,000
SunLine Transit Agency	\$50,000
Victor Valley Transit Authority	\$25,000
City of Victorville	\$25,000

Pooled Liability Assurances Network (PLAN)

COVERED PARTY

RETENTION

City of American Canyon
Town of Atherton
Town of Woodside

\$50,000
\$100,000
\$50,000

Small Cities Organized Risk Effort (SCORE)

COVERED PARTY	RETENTION
City of Biggs	\$25,000
City of Colfax	\$25,000
City of Dunsmuir	\$50,000
City of Live Oak	\$25,000
City of Mt. Shasta	\$25,000
City of Portola	\$25,000
City of Rio Dell	\$25,000
City of Shasta Lake	\$25,000
City of Susanville	\$25,000
City of Tulelake	\$25,000
Town of Loomis	\$25,000
City of Weed	\$100,000
City of Yreka	\$25,000

Vector Control Joint Powers Agency (VCJPA)

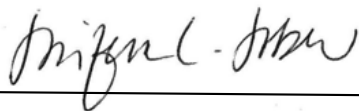
COVERED PARTY	RETENTION
Alameda County Mosquito Abatement District	\$25,000
Burney Basin Mosquito Abatement District	\$25,000
Butte County Mosquito and Vector Control District	\$25,000
Coachella Valley Mosquito and Vector Control District	\$25,000
Colusa Mosquito Abatement District	\$25,000
Compton Creek Mosquito Abatement District	\$25,000
Consolidated Mosquito Abatement District	\$25,000
Contra Costa Mosquito and Vector Control District	\$25,000
Delta Vector Control District	\$25,000
Durham Mosquito Abatement District	\$25,000
Fresno Mosquito and Vector Control District	\$25,000
Glenn County Mosquito and Vector Control District	\$25,000
Greater Los Angeles County Vector Control District	\$25,000
Kings Mosquito Abatement District	\$25,000
Lake County Vector Control District	\$25,000
Los Angeles County West Vector Control District	\$25,000
Marin-Sonoma Mosquito and Vector Control District	\$25,000
Mosquito and Vector Management District of Santa Barbara County	\$25,000
Napa County Mosquito Abatement District	\$25,000
Northwest Mosquito and Vector Control District	\$25,000
Orange County Mosquito and Vector Control District	\$25,000
Oroville Mosquito Abatement District	\$25,000
Placer Mosquito and Vector Control District	\$25,000
Sacramento-Yolo Mosquito and Vector Control District	\$25,000
San Gabriel Valley Mosquito and Vector Control District	\$25,000
San Joaquin County Mosquito and Vector Control District	\$25,000
San Mateo County Mosquito Abatement District	\$25,000
Shasta Mosquito and Vector Control District	\$25,000
Sutter-Yuba Mosquito and Vector Control District	\$25,000
Tehama County Mosquito and Vector Control District	\$25,000
Turlock Mosquito Abatement District	\$25,000
West Valley Mosquito and Vector Control District	\$25,000

Individual Entities

COVERED PARTY	RETENTION
Oakland Housing Authority	\$50,000
Contra Costa County Housing Authority	\$50,000

Effective Date: January 1, 2021

Endorsement No.: 1



AUTHORIZED REPRESENTATIVE

EMPLOYMENT RISK MANAGEMENT AUTHORITY
MEMORANDUM OF COVERAGE
ENDORSEMENT #2

This endorsement, effective 12:01 a.m. 1/1/2021, forms a part of ERMA 2021-1EPL.

It is understood that the definition of “Covered Party” in Section II is amended to include the following entities and any officer, director or employee while in the course and scope of their duties for the following entities:

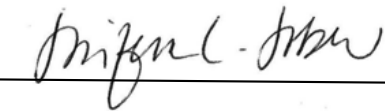
Bay Cities Joint Powers Insurance Authority (BCJPIA)
California Transit Indemnity Pool (CalTIP)
Central San Joaquin Valley Risk Management Authority (CSJVRMA)
Employment Risk Management Authority (ERMA)
Exclusive Risk Management Authority of California (ERMAC)
Monterey Bay Area Self Insurance Authority (MBASIA)
Municipal Pooling Authority (MPA)
Public Agency Risk Sharing Authority of California (PARSAC)
Public Entity Risk Management Authority (PERMA)
Pooled Liability Assurances Network (PLAN)
Small Cities Organized Risk Effort (SCORE)
Vector Control Joint Powers Agency (VCJPA)

The retained limit for the coverage provided by this endorsement is \$25,000.

It is further understood that no other person, organization, or entity shall be deemed to be a “Covered Party” under this endorsement except for those expressly identified herein.

Effective Date: January 1, 2021

Endorsement No.: 2



AUTHORIZED REPRESENTATIVE

EMPLOYMENT RISK MANAGEMENT AUTHORITY
MEMORANDUM OF COVERAGE
ENDORSEMENT #3

This endorsement, effective 12:01 a.m. 1/1/2021, forms a part of ERMA 2021-1EPL.

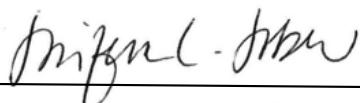
It is understood that for the following Covered Parties, the limit of coverage is \$500,000 per *Occurrence*.

Small Cities Organized Risk Effort (SCORE)

COVERED PARTY	RETENTION
City of Biggs	\$25,000
City of Colfax	\$25,000
City of Dunsmuir	\$50,000
City of Live Oak	\$25,000
City of Portola	\$25,000
City of Mt. Shasta	\$25,000
City of Shasta Lake	\$25,000
City of Susanville	\$25,000
City of Tulelake	\$25,000
City of Rio Dell	\$25,000
Town of Loomis	\$25,000
City of Weed	\$100,000
City of Yreka	\$25,000

Effective Date: January 1, 2021

Endorsement No.: 3



AUTHORIZED REPRESENTATIVE