



Adopted: 1/1/2013

MEMORANDUM OF UNDERSTANDING MASTER ROLLING OWNER CONTROLLED INSURANCE PROGRAM

This Memorandum of Understanding (hereinafter "Memorandum") is entered into by and between Public Risk Innovation, Solutions, and Management (hereinafter referred to as "PRISM") and the participating entities (hereinafter "Members") who are signatories to this Memorandum.

1. **CREATION OF THE PROGRAM.** There is hereby created by this Memorandum the Master Rolling Owner Controlled Insurance Program (OCIP) (hereafter "Program"). The Program is designed to join multiple construction projects from multiple Members to create a risk sharing pool. The Program will create a major program of PRISM.
2. **JOINT POWERS AGREEMENT.** Except as otherwise provided herein, all terms used herein shall be as defined in Article 1 of the Joint Powers Agreement Creating Public Risk Innovation, Solutions, and Management (hereinafter referred to as "Agreement"), and all other provisions of the Agreement not in conflict with this Memorandum shall be applicable.
3. **GOVERNING COMMITTEE.** The Executive Committee of the Public Risk Innovation, Solutions, and Management (hereafter "Committee") shall have full authority to determine all matters affecting the Program and its members, including, but not limited to, approval of new members, program structure and premium/rate setting.
4. **MEMBERSHIP.** Membership in the Program consists of either of the following:
 - a. A "Self-Insured Member" is defined as a Member who participates in Tower I of the Program, is issued their own policy and is not part of the self-insured pooled program, or
 - b. A "Pool Member" is defined as a Member who participates in Tower II of the Program and is part of the self-insured pooled program.
5. **APPROVAL OF NEW MEMBERS – APPLICATION TO THE PROGRAM.** Any public entity wishing to become a Member of the Program shall make application to and be approved by a majority vote of the Committee in a manner prescribed by them. The Committee may develop specific criteria for accepting new Members.
6. **PROGRAM PARTICIPATION.** Approval by the Committee as a Member of the Program and adoption of this Memorandum by the Member allows for participation in the Program. Participation in the Program may be in either Tower I or Tower II. A Member shall be entitled to participate in the Program until it has

withdrawn in accordance with the provisions of paragraph 11 of this Memorandum.

7. **PREMIUM.** Annual rates/premiums will be established by the Committee in consultation with the carrier, actuaries and/or other consultants. The Annual rates for a given year will apply to any project that is enrolled in the Program during that year for the duration of the project.
8. **ADMINISTRATION COSTS.** PRISM shall be entitled to assess annual administration costs associated with the Program. Administrative costs for the Program shall be determined through PRISM's budget process. The source of the funds for the Program will be administrative charges, interest earnings or a combination of both.
9. **DIVIDENDS AND ASSESSMENTS (Applicable to Pool Members Only).** Should the Program not be adequately funded for any reason, pro-rata assessments to the Pool Members may be utilized to ensure the approved funding level for applicable policy periods. Any assessments, which are deemed necessary to ensure approved funding levels, shall be made upon the approval of the Committee in accordance with the following:
 - a. Any dividends or assessments shall be based upon the percent of contribution for losses for Pool Members only.
 - b. Any assessment shall be spread to all Pool Members who participated in the Program Year being assessed whether or not they are participating in the Program at the time of the assessment.
 - c. Self-Insured Members shall not be eligible for dividends or assessments except for those derived from their own individual project(s), as described in their respective coverage documents.
10. **CLOSURE OF PROGRAM YEARS.** "Program Year" shall mean the calendar year that a particular Member's project incepts. All projects that incept in the same calendar year shall belong to the same Program Year regardless of the length of time to complete each project. For purposes of closing Program Years and determining dividends or assessments, one or more Program Year(s) may be evaluated for closure. The Program may retain a percentage of any declared dividend (retained assets) for purposes of funding future Program Years, or repaying obligations of the Program. The Program may close deficit balance Program Year(s) using retained assets in lieu of assessing members of the closing Program Year(s). Program Year(s) with positive balances may also be combined with Program Year(s) with negative balances to avoid an assessment in the

negative balance year(s). Positive balance Program Years will not be subject to assessment due to the closing of negative balance Program Years.

11. **WITHDRAWAL AND/OR CANCELLATION FROM THE PROGRAM.** Withdrawal and/or cancellation of a Member from the Program shall be in accordance with the provisions of Article 20 or 21 of the Agreement, except that after one (1) year following final completion of all covered projects owned by the Member, the Member shall be deemed to have withdrawn "in good standing" without any action by the Member or by PRISM. Notwithstanding any other provisions, any dividend declared shall be payable to any withdrawn Member in good standing as if that Member was still a participating Member of the Program at the time of the dividend declaration. Article 14(e) of the Agreement, Reentry Into A Program, shall not apply to withdrawn Members in good standing.
12. **COVERAGE DOCUMENTS.** A master coverage document will be issued by the carrier, which will be endorsed for newly enrolled projects into the Program.
13. **CLAIMS ADMINISTRATION.** Claims administration services shall be provided by the insurance carrier(s) and/or their assignee.
14. **LATE PAYMENTS.** Notwithstanding any other provision to the contrary regarding late payment of invoices or cancellation from a Program, at the discretion of the Executive Committee, any Member that fails to pay an invoice when due may be given a ten (10) day written notice of cancellation.
15. **DISPUTES.** Any question or dispute with respect to the rights and obligations of the parties to this Memorandum regarding coverage shall be determined in accordance with the Joint Powers Agreement Article 31, Dispute Resolution.
16. **AMENDMENT.** This Memorandum may be amended by a majority vote of the Executive Committee and signature on the Memorandum by the Member's designated representative who shall have authority to execute this Memorandum. Should a Member of the Program fail to execute any amendment to this Memorandum within the time provided by the Executive Committee, the Member will be deemed to have withdrawn as of the final completion of the Member's covered project.
17. **COMPLETE AGREEMENT.** Except as otherwise provided herein, this Memorandum constitutes the full and complete agreement of the Members.
18. **SEVERABILITY.** Should any provision of this Memorandum be judicially determined to be void or unenforceable, such determination shall not affect any remaining provision.

19. **EFFECTIVE DATE.** This Memorandum shall become effective on the effective date of coverage for the Member and upon approval by the Executive Committee of any amendment, whichever is later.
20. **EXECUTION IN COUNTERPARTS.** This Memorandum may be executed in several counterparts, each of which shall be an original, all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed this Memorandum as of the date set forth below.

Dated: 1/1/13



Public Risk Innovation, Solutions, and Management

Dated: _____

Signature

Printed Name: _____

Title: _____

Member Entity: _____